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First Session, 35th Parliament

## Official Report of Debates (Hansard)

Tuesday 24 September 1991

Standing committee on  
estimates

Ministry of Labour

## Assemblée législative de l'Ontario

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## Table of Contents

Table of Contents for proceedings reported in this issue appears at the back, together with a list of committee members and other members taking part.

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## Table des matières

La table des matières des séances rapportées dans ce numéro se trouve à l'arrière de ce fascicule, ainsi qu'une liste des membres du comité et des autres députés ayant participé.

Il existe un index cumulatif des numéros précédents. Les renseignements qu'il contient sont à votre disposition par téléphone auprès des employés de l'index du Journal des débats au (416) 325-7400.

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON ESTIMATES

Tuesday 24 September 1991

The committee met at 1534 in committee room 2.

### MINISTRY OF LABOUR

**The Vice-Chair:** Good afternoon. If this meets the agreement of the committee, we are going to go in 15-minute rotations by party. It is my understanding that the official opposition Labour critic would like to start.

**Mr Offer:** Thank you very much. I have a few questions that surround a certain document that came into our possession over the summer which purports to be a cabinet submission on a fairly dramatic change in the Ontario Labour Relations Act.

As you will recall, earlier on when these estimates commenced we spoke about the need that business was voicing in terms of inputting, being part of a consultative process. At that point in time you had indicated there was indeed going to be a consultative process. If memory serves me correctly, you indicated that such a process was probably going to be announced around the end of the summer. Could the minister please indicate for us what is the consultative process and what is the discussion paper that the Minister of Industry, Trade and Technology alluded to today in his response to a question by the member for Wilson Heights?

**Hon Mr Mackenzie:** The minister was partially, not totally, correct. The document that was leaked, if that is the expression I am assuming you are referring to, is a paper that people have been working on in the ministry for some time. It follows the two documents from management and labour that were made available much earlier and is to go to cabinet as a basis of the discussion paper that will go out to the parties for consultation over this fall, hopefully. The timing on that is not absolutely finalized yet nor is the final copy that will go out for consultation.

The paper you are referring to is a paper that was meant for cabinet to take a look at and decide if it wanted that to be the basis of the issues under the consultation process.

**Mr Offer:** Is it fair to say that the response by the Minister of Industry, Trade and Technology, that there is a discussion paper out, is not totally accurate?

**Hon Mr Mackenzie:** The discussion paper has not been finalized through cabinet as yet and we intend to change it and to present it simply as the options when it goes out for discussion.

**Mr Offer:** In this document, which contains your signature, there are two areas that are spoken of: One is around the "narrow focus of business"; second, the need to "neutralize the opposition." I am wondering, in a twofold question, whether you are aware of those particular phrases used in this document, and second, notwithstanding your signature on these documents, whether you agree with those.

**Hon Mr Mackenzie:** I think that the best thing and the straightest answer I can give you is that any time you take a look at potential changes to the Ontario Labour Relations Act, you are into a very controversial area. The consultation process is going to have to be thorough and complete and it is going to have to involve all of the players in the issue. That has to be very clear to those who are involved in the exercise, and that is the purpose of that.

**Mr Offer:** I am wondering if you might want to expand upon what is meant by the "narrow focus of business"?

1540

**Hon Mr Mackenzie:** I do not have a good or fast answer. I do not particularly remember that phrase, but as I said, the basis of the paper and the changes that still will have to be made, to present some of the options and some of the discussion, had to be very clear for the parties involved, and that is what we are intending to do.

**Mr Offer:** As you know, this coming Thursday I believe the Legislature, through committee of the whole, will be talking about another piece of legislation about which we have had the opportunity of having some discussion, though not nearly as broad and wide as I and my party would have hoped: that dealing with Bill 70, the Employment Standards Amendment Act (Employee Wage Protection Program), 1991.

On page 59 of this submission it is stated, and I am going to have to quote: "Specific areas of concern identified by employers and trade unions were the severance obligations arising, wage and employment security and the loss of bargaining rights where contracts change hands. The first two of these concerns"—and I read that in the area of severance and security—"have been addressed in approved amendments to the Employment Standards Act which have not yet been introduced."

I think you will readily see that when we deal with Bill 70, which really does have some bearing on the severance and termination provisions under the Employment Standards Act, I think it behooves us as legislators to be fully aware of any changes to the Employment Standards Act, which will impact on the bill, which have not been introduced. I am wondering if you will take this time, first, to confirm that what is in this document is the case and, second, what those changes are.

**Mr Thomson:** Perhaps I can speak to that. Those are not the amendments, as you know—

**The Vice-Chair:** Excuse me, for the purposes of Hansard, could you introduce yourself?

**Mr Thomson:** George Thomson, the Deputy Minister of Labour. I might say, Mr Offer, the proposals that are being referred to in that part of the paper are not the ones, as you know, relating to Bill 70. These are proposals relating to the issue of the contracting-in of work and then retendering those contracts, primarily in the food and cleaning sectors.



What the cabinet submission notes is that there had been an earlier cabinet submission, also a confidential document, that led to a cabinet decision with respect to one part of that issue. No decision has yet been made as to when legislation relating to that would be introduced, but a part of the contracting-in issue, as that document points out, was dealt with by cabinet earlier this year.

As I say, we have not been given instructions at this point on when and if that legislation would be introduced, and this cabinet submission purported to raise options with respect to the remaining part of the contracting-in issue in order to determine whether the whole contracting-in issue would be dealt with and would we deal with it in the consultation paper on the Labour Relations Act.

**Mr Offer:** On this same issue, you will all know that—I guess it was the latter part of the previous year—a discussion paper around the Employment Standards Act had been circulated for discussion with those people who are interested in the Employment Standards Act, in the enhancement of workers' rights, which includes, of course, both labour and management, and that whole broad group of people all in the middle who still have some opinions on what the Employment Standards Act should contain.

My question is, as this discussion apparently was ongoing under the Employment Standards Act, decisions were before cabinet on the very issues while that discussion was, at the same time, progressing. I am wondering if you might want to share with the committee how on one hand one can call for the need for discussion and consultation, yet on the other, on the same issue, have cabinet making decisions prior to the discussions being completed?

**Mr Thomson:** I think I can speak to that. There were two discussion papers on the Employment Standards Act, one relating to issues dealing with adjustment. That is not dealt with in this document.

The second consultation document that we released late last fall dealt with this issue of contracting-in in the cleaning and other parts of the service sector. In actual fact it was the second consultation we had held on that subject. We held one when the previous government was in power. We then had a consultation during January, February and March on that issue. Then we went to cabinet after that, telling them the results of that consultation, which was a separate one from the one being talked about generally in this cabinet submission. We got a decision from cabinet with respect to some aspects of the contracting-in issue, but that was a submission that followed a fairly extensive consultation during January, February and March, 1991. That is what is being referred to in this document.

**Hon Mr Mackenzie:** One of the things that would be worth adding to it as well, Mr Offer, is that when you come to the labour relations field there are a number of things that could come under either the Employment Standards Act or the OLRA, and a number of other items that need more consultation before any decisions would be made under either piece of legislation. One of the things involved here is if and where it should surface as an issue.

**Mr Offer:** Thank you for those remarks.

You must be sensitive to the fact that there are a great many people, both in business and on the labour side, who very much rely on the statements made by yourself, Minister, and indeed the Premier, talking about the fact that there would be a full consultative process prior to any decisions being made. Those groups and individuals all want to be able to talk about not only what changes should be made but also whether changes should be made. You must be sensitive to the fact that when a document of this nature is publicized and when one reads through the document, it can only lead one to see that decisions upon which people want to have some input have already been made. There is no question that any person reading this document must see this, and the concern it gives to business, to investors, to people who want to start small businesses in this province or to expand existing businesses, and what impact that will have on jobs.

We have asked this a number of times, but I think that as a result of this submission we have to ask it again: Will you commit that there will not be any change contemplated to any aspect of the Ontario Labour Relations Act without the input of those individuals in this province, whether they be labour and management or however else we want to define people, prior to them being heard? They are asking for that commitment. They are concerned about this particular submission because it says that while those statements have been made earlier, decisions have been taken. That commitment is absolutely required, together with a full and frank period of discussion—and timeliness, so that all people who want to be heard on this matter, which will create jobs and wealth in this province, will in fact be able to do so.

**Hon Mr Mackenzie:** I am sure it is not your intent to perpetuate a myth, Mr Offer, but there was wide consultation on the employment standards material. If there is a criticism it is that we did not act as yet, because we did not know just exactly how we were going to fit it into the picture. On the OLRA stuff, I had made it very clear on a number of occasions that there will be a full consultation process. Indeed, if you have read all of the document that you are talking about, you will be aware that has begun to set out the parameters of an extremely full consultation process on the OLRA material.

**Mr Offer:** I hear your response, Minister, but again, on the document itself, you have to be aware that it flies in the face of those statements. What is required is a renewed commitment.

**Mr Thomson:** If I could just clarify one point, I just want to make it very clear there is nothing in that document that speaks to any decision having been made with respect to reform of the Ontario Labour Relations Act. The only reference to a cabinet decision in that document is a cabinet decision with respect to reform of the Employment Standards Act, following consultation on contracting-in in the food and cleaning sector. There have been no decisions made by the government with respect to any reform of the Ontario Labour Relations Act.

1550

**Mr Offer:** I appreciate that response, Deputy. However, what I am alluding to is the fact that there had been statements made that there would be a consultation process prior to any decisions made in terms of what area should be changed—and indeed the need for any change.

A discussion paper is one which talks about the areas for discussion, talks about the groups that are going to be discussing the area, talks about the timing of this, talks about a whole variety of things—and that is not this. This is, in my opinion, one which does have decisions contained within it. It does not talk in many areas about any options other than the one which is indicated. It does talk about variable options. I think all of us in this room have seen documents of decisions and have seen documents of consultation, and they look and feel and taste and smell an awful lot different. This one, I submit, is not one which talks about a broad process of consultation. Leaving that aside—

**The Vice-Chair:** Mr Offer, we will come back in rotation. That is your 15 minutes. Mr Tilson.

**Mr Tilson:** I would like to ask some questions with respect to the Workers' Compensation Board. I am going to read to you a section from last year's November report of the Canadian Federation of Independent Business—which, I am sure, has been read to you before, but I will read it again—in which it talks about the tax structure in the province of Ontario. It is from the report called *Taxing Ourselves to Death*.

It states: "Analysis of the tax structure for the four most industrialized Canadian provinces shows that Ontario has no equal when it comes to imposing corporate taxes. In all three categories—big, medium and small—businesses located in Ontario sustain a higher total tax burden than similar businesses in Quebec, Alberta, British Columbia, Michigan, New York and New Jersey. The employer health tax and the higher workers' compensation rates in Ontario are the principal culprits."

There does seem to be some expansions of the policy of the Workers' Compensation Board; for example, there seems to be a new area with respect to stress that has only recently emerged. The example that has been given to me is a worker at the young offender facility being awarded \$20,000 because of stress. I know the ministry is working on a green paper on Workers' Compensation Board reform. Can either you or the deputy minister inform me when you plan to release that green paper?

**Mr Thomson:** I can perhaps speak first to say that the broader issue of Workers' Compensation Act reform is one on which we are not proceeding at any fast pace at this point in time. An exercise was begun about a year ago that would ultimately lead to a green paper. We would anticipate at some point that there would be a green paper on workers' compensation reform, but not within the next several months at least.

The issue of stress is one that is actually being dealt with by the Workers' Compensation Board itself, within the existing legislation. They have a document out for consultation now on that issue, and they are having public

hearings this fall, as I understand. But we do not foresee having a green paper on Workers' Compensation Act reform within the next short period of time.

**Mr Tilson:** Would it be out in 1991?

**Hon Mr Mackenzie:** My guess is that it would not. I can tell you for your information that there is a substantial change in the makeup of the Workers' Compensation Board. They want to take a look at the act. My party, as you are well aware, has had some reservations about some sections of the current act. They want to take a look at the operation of the board and what they see as the problems in these sections before we initiate legislation. We have agreed that we will wait until we get a report back from the current board before we make any moves in terms of any changes.

**Mr Tilson:** I understand that. Mr Laughren has commented on the idea of handling Workers' Compensation Board as part of a more ambitious program to develop a universal and unified insurance system in Ontario. I wonder, Minister, if you could comment on two things: one, the feasibility of a universal insurance system, and two, whether it will be included in any of these documents you are referring to that are coming out, whether it is the green paper or any other form of document. Because this certainly has been referred to by the Treasurer, I believe.

**Hon Mr Mackenzie:** I cannot conceive of it at this point in time being in the green paper, which would be designed to look at problems people still see with the WCB. I think the concept of some kind of universal wage protection scheme or insurance scheme is something that has been around for a long time. Certainly it has been one of the things I have heard in the 16 years I have been in this House from our current Treasurer, and that a number of people have spoken about. There is a group currently taking a look at universal coverage. That is a totally separate exercise and, I suspect, one that is going to take a little bit of time.

**Mr Tilson:** Do you believe it is feasible?

**Hon Mr Mackenzie:** I like the general idea of it. But I am not at all sure, and do not have the information to make an assessment, as to whether it is feasible or not. I know we have some 20 or 30 or more income support schemes in this country. I would love to think it might be possible to do it all within one, but I do not have enough information that I would begin to make that judgement.

**Mr Tilson:** The 1989 annual report indicated that Bill 162 transitional supplemental provisions would add \$1 billion to the unfunded liability. I believe the Liberals indicated it would be revenue-neutral. Can you tell us how much has been spent on the implementation of Bill 162 to date? That is to the deputy minister.

**Mr Thomson:** We could obtain from the board their best estimate on both what has been spent and what would be the long-term impact of any decisions made. There is no question that the board is discovering that the provisions of Bill 162 will have cost implications for the board. They are still attempting to determine whether that still enables them to keep on the course they have set for ensuring that



there is no unfunded liability in the future. I think the date they have most recently talked about is about 2014.

They did anticipate in their projections for this year some costs of Bill 162. I think they are in the midst of determining whether those are accurate, or whether, in fact, the costs will be slightly greater than that. I could ask them to provide us with that information. They are meeting with us in the next couple of weeks to tell us what their overall financial position is with respect to Bill 162, and their overall unfunded liability. We could obtain the information you want and pass it on to you.

**Mr Tilson:** My question is twofold. What has been spent to date and what is the total projected figure for the transitional supplements?

**Mr Thomson:** We will obtain both of those for you.

**Mr Tilson:** Thank you. Moving to the 1990 annual report, that indicates that the unfunded liability increased by 7% to \$9.1 billion. The 1989 annual report indicated it had peaked, I believe, at \$8 billion. Can you explain that?

**Hon Mr Mackenzie:** I cannot give you a definite explanation. It is something we can also check with the board. But I would be very surprised if the general economic situation we have in the province was not a major reason for the continuing increase.

1600

**Mr Thomson:** I think the board would say that part of the reason is the cost of Bill 162, which started to have an impact a year and a bit ago—a year and a half ago, in fact—and the fact that in the present economic climate the revenues from employers have gone down at the same time as those expenses have increased.

**Mr Tilson:** I wonder if it is possible to give us details on that, because certainly that is a major shift from what was said a year earlier, over \$1 billion.

**Hon Mr Mackenzie:** I am not sure that a year earlier we were quite as in tune with the kind of economic situation we were going to be dealing with as well.

**Mr Tilson:** Can you tell us what your current projection is for the elimination of this liability?

**Hon Mr Mackenzie:** As the deputy mentioned, we have a meeting with the board and the officers next week. I have been told we will get a financial picture from them at that time.

**Mr Tilson:** And you can get that to us.

The final question on this area is that the budget for the office of the worker adviser has increased by 23.1%, or \$1.5 million. I wonder if you could account for that increase.

**Hon Mr Mackenzie:** Probably a more detailed or accurate answer would come from the board. If I can get additional information, I will pass it on. If my own experience is any indication, it is the delays and the complaints that we have had about how long it takes to deal with the problem. There have been efforts made to speed up the process and increase the availability of worker advisers. That is probably what accounts for the additional cost.

**Mr Thomson:** I might add that one of the things that has particularly created that is Bill 162, which introduced a

number of time lines within which matters must be resolved. With these new limitation periods in the act, it has meant that the worker advisers have had to concentrate very much on new applications while also trying to clean up the backlog. They came to us and indicated they needed added worker advisers to do that. They in particular needed more worker advisers in some parts of the province—for example, Thunder Bay—where there is a real problem with backlog. That was responded to in this year's budget.

**Mr Tilson:** How many added staff in 1991-92 will be hired to handle the pressures the minister spoke of?

**Mr Thomson:** If you give me a few minutes, I think I can get that answer for you. I just need to search for it in these materials.

**Mr Tilson:** Someone said 306.

**Mr Thomson:** Thank you very much.

**Mr Tilson:** You need all the help you can get.

**Mr Thomson:** I do have an answer to that. There are 13 classified intake counsellors who have been added to the staff. Two additional worker advisers have been hired in Kitchener and London. An additional worker adviser has been hired in the Thunder Bay office. It is anticipated that one additional worker adviser will be hired in the Mississauga office to relieve the heavy case load in that office. There were some people added, I think two in total, in the head office to provide greater support and advice to the field.

**Hon Mr Mackenzie:** To bring it even more up-to-date on that particular issue, there was also an exercise of assistance to the worker advisers that was put in place some time ago. General consensus has been that it was not the most successful way of dealing with the problem and there is being an effort made to take those people who are qualified and can move into worker adviser roles to do it, and those who may not have quite the qualifications into the support staff roles. That also will increase the number of people actively involved in dealing with and solving claims at the Workers' Compensation Board.

**The Vice-Chair:** That is 15 minutes, Mr Tilson. The next speaker is Mr Wilson.

**Mr G. Wilson:** Minister, I would like to welcome you back to this committee. I hope you found it was as enjoyable and as productive as mine. Certainly it was too fast. Looking back to our preceding hearings in June, it still feels very fresh, and certainly my question seems fresh on the surface. It has to do with the labour adjustment program, with specifically the help centres. In checking the Hansard for our last meeting, I see I gave as a figure 3,269 jobs lost since October 1990. These are Canada Employment Centre figures. Since then, as you can probably imagine, there have been more layoffs in companies. It is imperative that we have some help in dealing with the workers who are dislocated here.

I want to say that in reading over the Hansard I noticed that the point is made that other areas also need the help, and of course this is a province-wide recession we are dealing with, even beyond our own province. Certainly other provinces, and indeed other countries, are suffering from our restructuring of the economy. I think we do see it



as certainly a crisis but at the same time a challenge to readjust our labour force to meet the new conditions. Again, that is part of the reason we see the importance of the help centre in our area.

I think you know we have a proposal put forward by a group called the Kingston Area Labour Adjustment Centre Inc with a plan of how it can, with ministry help, set up a help centre. I would just like to know what the situation is now as far as the ministry approach to this issue is concerned.

**Hon Mr Mackenzie:** I am going to answer part of it and have the deputy answer part of it. The help centre issue is one that can play a key role in the community, as you know. We have a number of them now established in Ontario. We are in the process of deciding on two more, one in the north and one in the east. As you are probably well aware, there is intense pressure from a number of different communities over where the help centre should be located. We are at the point where we should be making that decision within the next week or two and we will get the word out as quickly as we can. I am not going to make any commitment until then, until we have had the session and until I see the final figures they have in terms of the need.

There are a number of communities that have been after help centres. The only restriction there, quite frankly, is that we do not have the money that is needed to provide every one I would like to put in place, but we are dealing with it to the best of our ability in a financial way.

**Mr Thomson:** We have separately, as you will know, Mr Wilson, built up the office of labour adjustment, and we have hired a number of people whose full-time job will be to work in areas of the province and in specific communities and with committees established at plants when closures and layoffs occur. They are being assigned to various parts of the province, including the east. We have a number of very skilled people and they are in fact now working or have worked over the last few months with more than 100 committees at the plant level in helping to develop plans for laid-off employees, including very direct access to training and to income support and whatever other supports they require, as a result of the layoff or closure.

**Mr G. Wilson:** It does sound as though you are certainly looking at it. I am happy to hear we will have a response in the next couple of weeks. I realize there are other programs we can appeal to in case ours is not the area, but I would like to remind you that the nearest one, as the minutes from Hansard show, is Oshawa, and that leaves a big area to the east.

The other thing I would like to ask about is the co-ordination with other ministries as far as programs for adjustment go. Is that something that is being considered at this point?

**Hon Mr Mackenzie:** Our ministry has the key role in this, but I will let the deputy deal with that. He has been in on some of the discussions.

**Mr Thomson:** In actual fact, this year we received a total of approximately \$25 million which has been spread among a number of ministries so that each of them is able to provide priority assistance to laid-off workers. Perhaps an easy example would be the money that was given to the Ministry of Skills Development, I think \$6 million in total

this year, to enable it to set up a special training program for laid-off apprentices so that they do not lose their apprenticeship training and can immediately plug into a program that will enable them to complete it, even though there is not any longer the employer they were working with.

1610

We have provided extra money as well to the Ministry of Education to beef up substantially the literacy program, because a number of workers require that. We have entered into some special arrangements with organizations; for example, the body attached to the Labour Council of Metropolitan Toronto that is doing special work with people after they have gotten the training to make sure they are then getting placed with particular employers.

There are three other ministries that we have an arrangement with. One of the arrangements involves one with ourselves that beefs up the Transitions programs so that there are more of those \$5,000 grants, vouchers for employees requiring training. We do think—and our latest feedback is that it is true—the ministries are in fact not only taking our money but spending it well on the very programs that are required for laid-off workers.

**Mr O'Connor:** Minister, I am glad to see you here today. One of the things our government has done, which I am proud of but have just a couple of questions about because it has been raised during the summer, is that as of November 1 the minimum wage will be increasing. In our last set of hearings in the standing committee on estimates, one of my colleagues raised the matter of a study being done—I believe it was one of the western provinces—about the impact it would have on employment and unemployment. I was wondering if you would care to elaborate. Do you know about the studies, and what did they have to say about it?

**Hon Mr Mackenzie:** Most of the information we have been able to ascertain in terms of the minimum wage—nobody can give you a hard figure on what is going to happen. Indeed, some of the studies show that the effect is minimal. There is a western study, I believe, and I am not aware of the details.

**Mr Thomson:** We do have a collection of studies which we have made available to those who wanted them. We could send you the studies we do have. The literature is varied and we would be happy to provide it to you.

**Mr O'Connor:** Do you recall if those studies had any impact on unemployment? Now, at a time of recession, some of the people are raising that issue. I just wondered if it was included in that.

**Mr Thomson:** Yes, all increases in the minimum wage have some impact on employment and they mean some increase in unemployment, at least for a period of time, and this increase would do that as well. We think the impact is quite modest. It tends to be focused primarily on younger workers and workers in the hospitality area, if I am correct. I am looking at Ron Saunders, who is the expert in this area. He could speak to this, if you wish. But in general the impact over the long haul is quite minimal. It is the best we can conclude from the literature we have read. I do not know if Ron Saunders wants to speak to that.

**Mr Saunders:** I think the studies you are referring to are studies that were done for the government of Alberta in the early 1980s. We have obtained copies of those and, as I understand, provided them to the committee recently, to the Chair of the committee. There were studies that were done both before and after a 17% increase in the minimum wage in Alberta in the early 1980s—in May 1980, to be precise—and both of the studies showed a minimal impact on employment and on employer costs.

**Mr O'Connor:** Being new on this committee, I ask that perhaps the clerk could forward that information.

**The Acting Chair (Mr Tilson):** Mrs Harrington and Mr Perruzza have six minutes.

**Ms Harrington:** I have several questions; I will see how far I can get.

Mr Offer was asking several questions about the Labour Relations Act and how the process will be happening this fall, I presume. I met last Friday morning for an hour with my local chamber of commerce. They had several people there who were anxious to find out more about it and of course I did not have all the answers. I just had what I had heard.

I want to clarify some of the things I think Mr Offer was asking. First of all, with regard to the process of a discussion paper, I need to know roughly when that might be coming out and if it will be sent to people in my riding who are interested in it. What kind of process are we looking at?

**Hon Mr Mackenzie:** Thank you for the question, because I had wanted to go back on this issue in any event. I want to stress that anyone reading the OLRA document through will know it is a submission that asks for permission to consult and asks cabinet to decide on preferred positions so they can be set out in the discussion paper that we will use for consultation. It asks for no decisions on what will be in legislation. In fact, as I am reasonably certain Mr Offer knows, it says we would return to cabinet after consultation for any final decisions.

In answer to your question about where it will go, obviously on this issue and with the press there has already been on the issue, the consultation will be wide and extensive. That has been part of our plan, although we had hoped early on that it might go through a faster process, something like the housing process. It is our decision now that it will go through a very extensive process. When that process has ended and the parties have been before us on that particular issue, then we will draft the legislation which will go into the House. I am sure it will also be sent out in committee for a tour of the province on a bill like this. So there is a long process before—

**Ms Harrington:** When would the discussion paper, then—

**Hon Mr Mackenzie:** We are hoping we can go through the discussion process this fall. Whether we can get the legislation before the House this fall or whether it will be one of the items next spring is an issue that just is not decided as yet.

**Ms Harrington:** But you are saying the paper will be out soon?

**Hon Mr Mackenzie:** Our intention is to try to have the paper out this fall.

**Mr Thomson:** I would add that we certainly can make available the paper, and we would make it available at a minimum to every chamber of commerce. I met last week with Mr Carnegie, the executive director of the overall Ontario chamber, to talk about how we might establish a consultation process that would have them fully involved during the fall, that would ensure that each chamber gets a chance to plug into the special committee they have set up to provide us with feedback on the proposals.

**Ms Harrington:** There were several inaccuracies floating around out there. I think they had thought there was a date of December. So that is not there, any final date?

**Hon Mr Mackenzie:** I do not think, as to when we get it back—it is going to have to go through the consultation process. That is just being arranged and decided, exactly what we are going to do with it now. The time frame is not finally decided. Once we get it back—if you understand this place a little bit, you do not get legislation drafted that quickly. You have to go through the legislation and that has to go before the cabinet and then before the House.

**Ms Harrington:** Right. One of the types of things that I was hearing from the manager of our local Hydro commission is, if managers are not allowed to handle operations during a strike, what happens with something like your hydro service? Would you care to comment?

**Mr Thomson:** That proposal was contained in the labour lawyers' part of the so-called Burkett report. The proposal they made was that it not be permissible for anyone to do the work being done by the striking employees. That was their proposal. The cabinet submission that has been referred to, that is being publicly discussed, does not propose that management not be permitted to do the work. It is still not decided what it is we would be coming out to consult on.

**Hon Mr Mackenzie:** I might say that even in that area the current paper is very close to what exists, although it is not exactly the same, in Quebec. What will be the final process, we do not know as yet. Certainly there is some indication that there has been some success in terms of reducing labour-management frictions in what they have done in Quebec. I think this is an area that is open for a lot of good discussion and we will be listening carefully to it.

**Ms Harrington:** Yes, I did tell them about the Quebec experience. But I just wondered if you cared to comment on the idea of the Hydro utilities and the involvement of management during the strike. Do I leave that open?

1620

**Mr Thomson:** One thing I can say without getting into a discussion of the contents of the cabinet submission that has been referred to is that there is no doubt that to the extent legislation is introduced that prevents the use of persons doing the struck work—the further it goes, the greater the requirement that the legislation also provide for essential services. For example, the Quebec legislation, which does not go as far as your local managers are worried about, has essential services sections within it that



ensure that essential services can be performed. It takes the approach that a certain percentage of the workforce is not permitted to go on strike in an essential service, so that work can continue.

**Mr Offer:** Two areas I want to canvass deal again with the matter Ms Harrington has brought forward, and those are the recommendations in the cabinet submission. Could you share with us whether there are any impact studies being done in the ministry dealing with what we in this province could expect in terms of job creation following changes to the Labour Relations Act?

**Hon Mr Mackenzie:** I am not sure. The deputy may have an answer for this as well, but I can tell you that until we know what we are going to do, it would be very difficult to get accurate information. I am not sure that you would not get two different sets of figures from two different parties in terms of what effect any changes to the OLRA may have in the province.

**Mr Thomson:** We have done a fairly extensive review of the literature that has looked at labour relations reform and at provisions contained in other jurisdictions. It is very difficult to know the extent to which one ascribes either success or failure in that other jurisdiction to the contents of its labour relations legislation. I think there will be a lot of debate about whether particular provisions support or do not support added work and a stronger economy. There are obviously jurisdictions that have very strong union representation with a very strong economy; there are some with very low union representation with not a strong economy.

We have not tried to do a separate simulation of proposed legislation applied to Ontario, but we have gathered fairly extensively whatever literature we can that has analysed labour reform, both here and elsewhere. In fact, we have a request to make some of that available to the opposition and we are pulling that together at this point in time.

**Hon Mr Mackenzie:** If I can just add one comment to that, Mr Offer. It is worth making, although it is one that is not the easiest sell in the climate of any labour relations reform. We have, and I am well aware of it, a trade union movement and a management situation in this province and this country that has really been based on confrontation, and up until a fairly recent period of time a relatively successful model. I think most people in the trade union movement and most people in the management group will say this. Certainly something I am aware of is that one of the things we simply have to do is find some ways and means of attempting a more co-operative approach than the one we have had up until now. We have a history of the former and it is not easy to put in place any changes in what you have been doing for a long period of time.

Part of any such change in atmosphere has to be one of trust. That is one of the things we are looking at in terms of the changes that are going to be up for consideration and up for consultation: whether we can find a better means of arriving at agreements in this province.

**Mr Offer:** On the basis of the impact studies, I think it is important for us to be secure, notwithstanding all the variety of opinions and things that might prevail, that the ministry, while looking at changes to the Labour Relations

Act, is also seriously looking at what impact those changes may or may not have. We all recognize that there is a whole variety of opinion, but I think it is still terribly important that this work be undertaken.

As I indicated earlier, I wanted to talk about two different areas. My second question deals with Bill 70. As indicated earlier, that is going to be coming up to committee of the whole this coming Thursday. The minister will be aware that Bill 70, with the amendments as proposed by yourself, is a bill which is in many instances just an enforcement mechanism. It creates no new rights, in essence, but rather provides an enforcement mechanism potentially against employers or directors. Of course, it also provides a fund where workers who are the victims of a recession may be able to access that fund for lost wages, vacation pay, termination and severance.

On the issue of enforcement, we heard a number of submissions, especially from the small business sector, in which there was certainly a recognition of their obligations, but also a realization that if the bill as is now drafted goes through, there is going to be an extra cost on the employer, specifically the small business person. That cost is probably going to manifest itself in an insurance policy premium to protect the employer or the director for those particular areas of liability under the bill.

One of the amendments brought forward by our party was to the effect that maybe now is the time to send out a very strong message to the small business sector which would in effect exclude them from the enforcement mechanism of the bill by limiting the enforcement mechanism to apply only to businesses of greater than 50 employees. That would not have any impact on the worker—they would be able to access the fund as readily as before—nor would it impact on the liability of the owners, because that is found under the Business Corporations Act.

I would ask, Mr Minister, whether you feel it is proper or an area for possible amendment, whether you would be prepared to accept an amendment of that nature?

**Hon Mr Mackenzie:** It really is only wages and vacation pay that they are responsible for in the small businesses, and I am not sure that is a cost that really has any real substance. But I also want to respond to the comment that it is more an enforcement mechanism than anything else. It certainly goes beyond that, in setting up the fund and being able to deal—although there is a \$5,000 limit on it—with vacation and severance pay that might be owed as well. That is something the worker had little or no chance of getting up until now.

**Mr Offer:** Of course I recognize that there are two components generally to the bill, one being the fund, which I acknowledged, and the second being the enforcement aspect of the bill. It is to the enforcement aspect of the bill that I direct my question. And the question I pose is again that, yes, it is wages and vacation pay of each employee. This will, without doubt, impose an ongoing cost to small business which will probably be borne in the shape of a premium on an insurance policy.

This bill could be amended, which would in fact relieve the small business owner of that enforcement aspect



while on the other hand providing and maintaining the fund for the employee to access. The question is simply whether we are ready, and this bill is ready, and the government is ready, to send out a positive message to the small business owner in this province.

**Hon Mr Mackenzie:** I think one of the things we have already done with the changes we made in the legislation, Mr Offer, is to send out a very strong message in removing some of the responsibility that was there, and there is an exceedingly small amount of money involved in the issue you are raising.

**Mr Offer:** I think I am getting an answer to the amendment that I am probably going to be moving on Thursday. But I do believe that we had a wonderful opportunity and will have a tremendous opportunity to make this bill responsive to employees who have been the victims of the recession while at the same time sending out a very strong, concrete message to the largest employer in this province, the small business sector. I am a little, I must say candidly, disappointed with the minister's response.

1630

**Hon Mr Mackenzie:** But I am sure, Mr Offer, you will also recognize that with the extent of the changes we have made in this legislation, we have already sent out an extremely strong message. Most of the groups we have dealt with have acknowledged that. Indeed, I have it in writing in some letters.

**Mr Thomson:** I might also point out, Mr Offer, to the extent that we are talking about employers as opposed to incorporated small businesses—a large number of small businesses obviously are sole proprietorships or partnerships. In those situations, the present act imposes upon them the obligation as employers, and the present enforcement mechanism does apply to them. The only difference would be for those small businesses that are incorporated, in which case the act moves the existing obligation of directors over into the Employment Standards Act for whatever wages and vacation pay are owing to whatever employees who are laid off.

**Mr Daigeler:** I would like to go back to a statement, Minister, you made just a few minutes ago. You said—and I certainly agree with you there—that we have to break down or change or adjust the confrontational nature, the adversarial nature, of labour relations in this province, and I would like to have a bit more specific direction as to your plans in that regard.

When I first came to this country from Germany about 20 years ago, the big debate that was on then was the question about co-determination in the workplace. When I came here to study at Carleton University, I asked one of my fellow students at the time, who was none other than Angus Reid—and I remember that so vividly—why there did not seem to be any kind of discussion about that question at all in Canada.

When I left Germany, all the papers were full of this, and in fact they have made extensive progress ever since. On this question of co-determination, Angus Reid told me at the time that the unions were not really interested in this concept at all because it would make them part of manage-

ment and therefore perhaps weaken their powers. They would no longer be independent, as it were. Have the unions changed their minds on this question?

Second, what are you and your ministry doing to promote this concept? Do you in fact agree with this concept? If you do agree, I would like to hear something concrete you are doing to promote this. Certainly in Europe, not just in Germany, that seems to have been a means to get labour, business and industry to work together on building the economy, and a strong economy. So we have got an example there. We have something that has been put into practice and I would just like to hear from you what your ministry is doing in that regard.

**Hon Mr Mackenzie:** As far as I am concerned, the process we are going through is one of the moves to try and get us on—I have reservations about saying a little more of the European model, but I think that is part of it. There is a larger degree of co-operation and consultation in much of western Europe between labour and governments than exists here. We have two examples here, what we have done so far as a country in Canada and what they have done in the United States.

In the States, some of the figures are painfully obvious that there is less and less consultation with, communication with and authority in terms of the trade union movement. Some people are afraid of basic figures. I am not. They have gone from some 30% of the labour force being organized down to about 17%. Somebody thinks that is a good idea. I guess that is their privilege, but there is a rapid loss of any real say in corporate decisions or adjustments or the kinds of programs that are in place. We have not done that yet in this country, and I personally do not want to see that happen because I think workers on the shop floor have a real contribution to make when there are tough times there.

I think, quite frankly, that the European experience is part of the proof of that. I suppose I am never quite sure of co-determination, and maybe one of my problems is exactly as you describe it. Certainly a confrontational approach, which as I say has been the pattern and up until recent years probably would be said to have largely worked in this country, is not the one you can deal with in terms of the trading pacts and the economics of this crazy world we are in today, and I think changes have to be made.

If you are asking me for the response of people, I get a call from the business community that we have to deal with things like some of the strict seniority provisions, the multi-skilling issues, the flexibility issues. Those are demands, and if not demands, certainly requests that are on the table.

For the first time in my history in the trade union movement, I do not hear the trade movement necessarily objecting to some of these changes that may have to come about, but what they are clearly saying is, "Do we have any more ability to deal with the decisions that are going to affect us directly in the workplace, and do we have any more say in the kind of economic decisions made by the companies we work?" I think there is an openness that has not been there for a long time in this province for some real changes, providing both sides are willing to look at it.

You may or may not think it is unfortunate that what has surfaced first is the list of changes through the Ontario

Labour Relations Act, but I would also point out that when we had the initial papers done in this particular exercise, we had probably what most people would call a wish list in the trade union movement. In spite of all of the early press, we knew that was not what was going to sell or what we were going to go with, but it certainly indicated the extent of their frustration.

From the other side of the equation, in the first paper, in the consultation approach, we are going to a much more serious approach to this issue. What we got from the management side on that were about five or six recommendations—because we forced both sides to trade their papers as well—“Don’t touch the status quo” or “Don’t do what labour has called for.” I think we will see more clearly whether there is a mood out there once we get into the consultation process, but my hope is that there is. If I am getting a correct reading—and if you think you can get into trouble politically, I will be in a lot more trouble much more quickly than you if I am wrong—I think the trade union movement is ready to take a serious look at it.

**Mr Tilson:** I would like to engage in some discussion on the pay equity subject and specifically some interviews that were given by the then Chairman of Management Board, Ms Lankin. There was a press clipping at the end of June that talked about the public service payroll, which I believe is now around 90,000 workers and expanding, to use Ms Lankin’s figures, to possibly 250,000 workers in the public service as a result of pay equity and labour tribunal decisions.

The Toronto Star specifically, on June 24, referred to a number of those. I will not quote them all but I refer to a couple of them:

“Ontario’s pay equity tribunal looked at the financial control and compensation practices of the Haldimand-Norfolk regional police and ruled that for pay equity purposes, they were really employees of municipal government, not the police board. Ontario’s Court of Appeal upheld the decision in this year.

“In 1989, the pay equity tribunal ruled that Metro was the employer of workers in the Metropolitan Toronto reference library.”

Then it goes on to refer to other rulings that Ms Lankin was interviewed on.

Your government’s Agenda for People promised to include all women under the pay equity legislation. It was estimated that would cost, I believe, \$60 million, although the Pay Equity Commission estimated that as being \$200 million. Having heard Ms Lankin’s comments and these decisions, can you now provide a projected cost to include all women specifically in the public service under pay equity legislation?

1640

**Mr Thomson:** I think the answer to that question needs to be divided into two parts.

One issue relates to the fact that the pay equity tribunal has been trying to define who is the employer for pay equity purposes, because the act does not contain a definition. You referred to cases where it has found people employed in what you call the broader public sector, for example as

police persons with a regional municipality, with a library, with an association for the developmentally handicapped or a children’s aid society. They have been trying to determine who the employer is in those cases, and in some cases the finding has been that the government that provides the funds is the employer.

There is presently a case going on relating to a children’s aid society where the issue is whether the province is the employer for pay equity purposes. That has really nothing to do with the question of expanding the coverage of the act, but the result of finding the province to be the employer would mean that the women in that agency would be compared to men in the government itself, and that would raise their salaries.

There is a cost associated with that. That is a very difficult one to project because it is so hard to know where we are going to be down the road in terms of in how many parts of the broader public sector the province is found to be the employer.

The second issue is the issue of coverage in the act. The present method in the act does not cover a lot of people who are in the broader public sector. The government has indicated that over several years—this was announced last spring—the funding that would be necessary to assist both those who already have pay equity and those who would get it under the new methods that have been proposed so that they get covered by the act would be several hundred million, approaching \$1 billion. That would be over several years. That is to enable all of those women in the broader public sector who either need more under the present legislation or would be covered under future amendments to the legislation to have what in broad terms is called pay equity.

**Mr Tilson:** That is not really what Ms Lankin stated. Ms Lankin simply stated that it would be triple. She mentioned the figure 250,000 and she specifically stated that these workers would be entitled to negotiate with the government just like any other workers. Not only that, Andy Todd, the chief negotiator for OPSEU, estimates it would cost the province \$500 million a year just to bring the 10,000 to 15,000 transfer agency salaries up to par with the civil service. This is what Mr Todd has said, at least. Perhaps I could ask you that question dealing specifically with his comments. Do you agree with his cost estimate?

**Mr Thomson:** Ms Lankin was referring to the possibility—and this is not just the Pay Equity Act, this relates to the Crown Employees Collective Bargaining Act and the Crown Agency Act as well—that the result of all those decisions, if taken to their absolute extreme, could have a large number of the transfer payment agencies’ employees found to be crown employees, in which case they would have to be paid exactly the same amount as is paid to crown employees. If that had to be done, I would guess if you covered all the transfer payment agencies, the cost of that would be at least the sum Mr Todd has referred to.

**Hon Mr Mackenzie:** That is why it underlines that you have two real issues here. You are looking at the issue of who are government employees, in the simplest terms, or who are not, and the responsibility we have as against



the initial outline of plans to try to cover another 240,000 women who were not covered through the proportional or proxy method. This is not an easy question to deal with and it is one that is going to take some time to work out.

**Mr Tilson:** I do not think you believe for one minute that workers will believe there are two different classifications of workers. They are either in or they are out. It is not just the pay equity and labour tribunals that are saying it; the Ontario Court of Appeal is saying it. It is a major problem. It is going to cost the province billions of dollars to implement this policy. My real question is, what effect is that going to have on the deficit?

**Hon Mr Mackenzie:** One of the things you also have to ask, though, is this or is this not a fair issue and should there or should there not be pay equity? I think there should. Obviously, we have a problem in how we take a look at it and how we are going to deal with it.

**Mr Tilson:** Except that you get into some of these sorts of things—

**Hon Mr Mackenzie:** You can just reject it and say, "Hey, they don't deserve it." I do not think that is the position of this government.

**Mr Tilson:** I guess my question is, where are we going? We are worrying about deficits. We are worrying about increasing costs. To be fair to all the workers—

**Hon Mr Mackenzie:** The legislation was there before we took over. I think that should be pointed out as well.

**Mr Thomson:** I would stress that the issue she is talking about is not just the pay equity issue. She is talking about decisions, particularly beginning with ones relating to ambulance drivers, that could have the result of turning large numbers of the broader public sector into actual employees of the crown. That is not a pay equity issue, whether they are male or female. They would then be paid the government rate that is paid to other government employees. That is the real issue we are looking at as we try to determine what legislative response there will be this fall in the area of pay equity and reform of the Crown Employees Collective Bargaining Act.

**Mr Tilson:** Absolutely. It is not just a pay equity question. It goes far beyond that and it is going to have major implications on the overall cost.

**Hon Mr Mackenzie:** I should say that I am more than happy to have suggestions from anybody who has some positive, good ideas on this issue.

**Mr Tilson:** Before we get into that, having seen these decisions and the direction they are going, I assume the ministry does have some sort of cost estimate as to what this is going to cost? I mean, originally, prior to your election, you estimated it would cost \$60 million. Well, now it is a different ball game.

**Hon Mr Mackenzie:** I did not use the \$60 million, I do not think.

**Mr Tilson:** I think that was in the Agenda for People; that is what I understand. So I guess my question is, having seen the results of these decisions, which are not just the tribunal's decisions but which are legal Ontario Court of Appeal decisions, and having seen the direction of that,

do you have any estimates as to where we are going on this on both areas: pay equity and the overall bringing of people up to civil service salaries?

**Mr Thomson:** We have done some broad projections with respect to pay equity. The Treasurer's announcement in the spring suggested the kind of money that might need to be made available to deal with pay equity for women in the broader public sector. That is the figure I cited to you earlier.

With respect to all of the broader public sector being found to be crown employees, if one took that to its ultimate extreme, you are talking at least \$1 billion and potentially higher, because you are talking about, as you pointed out, close to 200,000 people being turned into civil servants, if I could say it in the vernacular. That would have an enormous cost. I am not suggesting there is any risk today that would happen suddenly, but how far do you take that decision, and how many people become civil servants? All we have been able to do is to talk about a worst-case scenario. That would be a very large sum of money.

**Mr Tilson:** And the fact we also have the Chairman of Management Board negotiating with all of these people. It has major implications.

**Mr Thomson:** That is correct.

**Mr Tilson:** The salaries and wage budget will increase by 28.3% in 1991-92. Could you tell us how many additional staff will be hired by the Pay Equity Commission?

**Mr Thomson:** Once again, I think I have that answer.

**Mr Tilson:** I will hear a secret number from the back of the room, I am sure.

**Hon Mr Mackenzie:** You are talking about the pay equity?

**Mr Thomson:** The answer is the pay equity office has been given approval to add 19 staff this year to deal with the added case load.

**Mr Tilson:** What will that cost?

**Mr Thomson:** That figure I will have to give you afterwards. It is a range of employees ranging from clerks through to review officers. I do not have the exact breakdown of those staff, but I can give you the figure afterward.

1650

**Mr Tilson:** Getting into another area, could the minister explain why the transportation and communications budget has increased by 91.7%, or more than \$500,000?

**Hon Mr Mackenzie:** I will refer that one to the deputy as well.

**Mr Thomson:** The deputy just needs a moment, and he can answer that. If you could go on to another question, I will come back to the answer.

**Mr Tilson:** The next question will be just as bad, but I will proceed with that as well.

**Hon Mr Mackenzie:** That depends on how you define "bad."

**Mr Tilson:** Could the minister explain why the supplies and equipment budget has increased by 38.1%, or \$142,000?

**Mr Thomson:** Mr Peters has just left. Has Ms Petterson arrived yet? I can provide you with answers for each of those, but the ADM of corporate services, who has the answers to both of those, just left one minute ago, to be replaced by the executive director who, I think, is showing up at any minute.

**The Vice-Chair:** If I could make a helpful suggestion, I am sure these answers are important and of interest to all members of the committee, so if the minister could file those answers with the committee clerk and have them distributed to the members of the committee.

**Mr Tilson:** I have no difficulty with that.

**Mr Perruzza:** I have a very quick question that has two parts to it. As I sat in the House yesterday, a Liberal backbencher—I forget the riding he represented and his name—stood up and in an angry voice, shouted across at the government side and, quite frankly, accused us of not having any business abilities, any managerial skills, no sensitivities towards business and that, in effect, we were the enemies of business.

I was quite shocked. I looked at myself and I said, "Jeez, am I that type of individual?" I am quite friendly to business, and I believe in business enterprise and in the right to make profits and so on and to pay taxes and all those wonderful things. So I was quite alarmed. But it made me think of some of the other myths that have been perpetuated by both the Conservatives and the Liberals in what has been a rather exhausting year. It has been picked up by the media to some degree. The myth that is being perpetuated is that somehow the NDP and the NDP government are an enemy of business, that we are anti-business and that business should run out of the province.

In fact, my suspicions are further reinforced by the Prime Minister's visit to Japan, I believe. While in Japan—and he was supposedly on a mission to attract investment into Canada—he made statements to the Japanese to try to discourage them from coming to Ontario. I wonder if the taxpayers in this country should be paying for that kind of visit. Maybe we should all ask for our money back on that one.

I wanted to know from the Minister of Labour what his feelings are about business enterprise and the kinds of things that business and labour can do together to make this a better province to live in, both from a worker's perspective, as well as from a business person's perspective, and second, the kinds of things we are doing to improve that relationship, because we really need to dispel these awful myths that have been created by the two opposition parties and have been picked up on by very irresponsible media. They have not been paying attention to some of the statements that have been made by the ministers, by the Premier of this province and by every member of the government.

I, for one, am not anti-business. In fact, I have yet to talk to a colleague of mine who is anti-business. I do not know of any members in our caucus who are. When they stand up across the way and simply point the finger, I think that is unfounded. So I would like to hear from the Minister of Labour in that regard.

**Hon Mr Mackenzie:** I understand this, nor does it disturb me, but all of my life has been a trade union

background, and of course one of the first charges made when I was put in this ministry was that I was an inappropriate person to put in the Labour ministry because of my obvious bias or obvious labour background. I was a very critical person in the House, but I cannot recall attacking many Labour ministers in the past on the basis they were in the ministry and had strictly a business background, which was certainly the case with a number of ministers.

However, I do understand or think I understand the necessity of involving workers and their organizations in some of the tough decisions we are going to have to make if we are to have a more co-operative approach to labour-management relations in this province.

I see myself as coming out of a background that is going to be suspicious no matter what is said, but I do not think it is an anti-business perception that I am bringing to it. I think it is a real effort, and I suspect that I have as much or more of a chance of achieving a more co-operative direction from the labour side than many people who could hold the ministry.

I think really what we have to decide is whether we are going to get business and labour working together in this province. And if we get them working together, are we going to get them working together with a little more equality than was the case until now and a little more consultation? I think the examples in Germany, Scandinavia and Japan are clear indications that this can work. Whether we are going to do it or whether Canada and Ontario are going to go down the road they are currently going down in the United States I think is a much more serious question than people realize.

**Mr Perruzza:** Thank you very much, Minister. That is certainly reassuring from you, and I would hope some of the members across the way here paid attention as well.

**Mr Tilson:** That does not reassure me one iota.

**Hon Mr Mackenzie:** That is because you would not believe anything I had said.

**Ms Harrington:** Recently, the Treasurer released a discussion paper and draft legislation on the Ontario investment and worker ownership program. I think we all agree that more co-operation in business and labour certainly is the way of the future and I firmly believe that if any government can be involved in this and make it work, our government can and must.

I wondered a couple of things. First of all, is the Ministry of Labour going to be closely involved in this initiative? Are there such things in other provinces, and will they be of any help in showing us the way?

**Hon Mr Mackenzie:** The one thing I can tell you is that the perception, including the perception of business, is that Quebec is way ahead of us here in Ontario in terms of investment capital and labour's involvement in it.

The other thing I can tell you is that I am meeting probably more with business groups than with labour groups these days and I am constantly amazed at the concern and criticism of the availability of capital and some of the problems. I could take you right to some of the top companies in this province I have met with in recent weeks



who have raised their difficulties in terms of restructuring and refinancing with some of our financial institutions.

One of the things that seems to meet with general approval is, if we can come up with some kind of mechanism that looks at a genuine entrepreneur or a much bigger operator in terms of some of their financial capacity, we will strike a real blow for the province. That is why I think the Premier and the Treasurer are in this particular exercise. We do hope to be very much involved in it, and I think it is part of a much broader picture. It is not only the need to try to find a little more security maybe for workers so that they feel they can be involved in some of the decisions that may mean some of the—forgive me for the word—sacred cows they have lived by for years had a little less strength than they have had in the past. If we can also find the financial mechanisms that allow us to deal with the tough situation we are in, and obviously business is feeling in terms of available capital, then we are taking major steps towards the restructuring that is needed in this province and I think in our economy.

1700

**Ms Harrington:** So you are saying that basically the Ministry of Labour is very much involved with this initiative?

**Hon Mr Mackenzie:** We are and will continue to be looking at it, and hopefully in terms of looking at industrial strategy in the province as well.

**Ms Harrington:** One of the things that we like to think of when we talk about co-operation is more productivity from the workers. Do you think this might be something we could stress?

**Hon Mr Mackenzie:** I cannot give you all of the figures on productivity. One of the things that has interested me in some of the business dealings I have had in recent weeks is the almost absolute statement they make that, in terms of quality, nothing that we ship down either to the southern states or to Mexico comes close to the quality we can get with our workers here in Canada. In some cases the prices are just so outlandish that you are not in the market. I suspect the same thing applies in terms of productivity, but the specific conversations I have had have dealt more with the quality of the product than the productivity issue.

**Ms Harrington:** There is another thing I wanted to clarify from what you mentioned. Are you saying that many corporations have revealed to you that they are in more difficulty than we would imagine?

**Hon Mr Mackenzie:** I have had the issue of the financial problems raised by the presidents of a couple of the biggest companies in this province.

**Ms Harrington:** That is concerning. Thank you.

**The Chair:** Mr Wilson.

**Mr G. Wilson:** How much time have we got, Madam Chair?

**The Vice-Chair:** You have six minutes.

**Mr G. Wilson:** The point I want to raise was included in your answer to my colleague, Mr Perruzza, that is, the issue of consultation. Of course, it has been raised here

before. There is an incident that occurred in my riding having to do with consultation, or at least the solution came after a consultative process, and it turned out that one of the groups felt it was not sufficiently consulted. It could be said that consultation is just to canvass views. It does not present an answer, or you cannot pick out one group. Obviously you will be consulting among a number of groups, many of which will have different views. You have to reach some kind of consensus, I suppose, or even a single answer that is not going to please everybody.

I was just wondering what your answer to that is. What do you mean by consultation? Certainly some of the groups I have spoken with suggest they will not be listened to in the consultation, which I do not think is fair; but still there is going to be that perception that, regardless of what they say, their proposals are not going to be fully addressed. Is this a legitimate concern? Are there ways of dealing with it?

**Hon Mr Mackenzie:** I think it is probably a legitimate concern. It is not one that I can answer easily, because you not only have the consultation process that is going on but you have the aims and the direction of governments as well and whether you attempt to live up to those particular directions. We have said, for example, very clearly that we think it should be easier for workers to organize. I do not think you are ever going to see that dropped as a goal, because one of the things I have been proud of, but also a little bit angry that it was never really carried out, was the preamble we had to the Ontario Labour Relations Act that simply says it is in the interest of the province of Ontario for workers to be able to organize and engage in free collective bargaining.

But I can tell you, if you are in that particular field there are a lot of obstacles in the road. I think that is a useful exercise, and most governments do have their own priorities. The extent to which it is an honest consultation, I guess judgements will be made on that. Certainly the intent in our ministry and in the process we are going through is that we do have the consultation. Eventually, though, I have to tell you very clearly—I think it would apply to any government—you have to make your decisions, which of the points that were raised in the consultation convinced you that maybe you were on a wrong direction or a slightly wrong direction, or maybe this was not a key issue, and which did not convince your own research and your own work that this is the approach you want if you are going to achieve your ends. I think anybody who says other than that just is not telling you the truth.

**Mr G. Wilson:** I can see, too, that there will be an accounting after all you decide to do.

**Hon Mr Mackenzie:** The accounting will be in the next election, I guess.

**Mr G. Wilson:** Well, no, I was thinking even before that: simply, in the legislation you come up with, you can show the effects of the consultative process. But I was certainly pleased with your reference to the preamble to the legislation as it is now because you do not always see that out in the field, as it were. A lot of people do not necessarily subscribe to it or even know it is there. At least

it is a starting point, I think, to say that there is some value to having the workers organized. Again, I think it points to the consultative process. How do people speak? That is, you cannot canvass everybody; but they do it through organizations. I think that is one thing to be said for organized workforces; that gives them a voice.

**Hon Mr Mackenzie:** I might point out as well that not only is it fairly clear that there has been, at least in recent years, a better atmosphere achieved in much of western Europe, but the percentage of workers that do belong to organizations that can participate in these kinds of discussions is much higher in most of the western European nations than it is here. So you have to ask if some of the process and some of the respect and involvement in some of the tough decisions that are made is not because you are dealing with a workforce that has a much greater percentage of the workers involved in it than we do even here in Ontario where we are still down in the range of some 30%.

**Mr Thomson:** I might say, Mr Wilson, that with respect to the most contentious issue, we are probably going to be consulting on the Labour Relations Act. We have been meeting with those organizations to try to work out what would be a good process that would enable them to say at the end, "We like or we don't like what the government has decided, but we were well heard in the process."

It is important to acknowledge that these days consultation is not generally described as, "Did people hear us?" but "Did they take our advice?" and sometimes, when the decisions do not reflect the feedback, that is argued to be a statement that you did not consult, when in fact one may have heard very well. One may have decided, though, as a government, not to take that particular advice. But we are going to work very hard to ensure that each consultation exercise, as we have tried to in the past with the time given to us, is one that enables people to be heard as fully as possible, and then we report back on exactly what we heard.

**Mr Daigeler:** Let me say first, in reply to the speech by the member for Downsview, who accuses the Liberals and I guess the Conservatives of spreading some myths about the lack of support for the business community, that if he had read his mail I am sure he would have seen the news release that came yesterday from a coalition of business groups, in fact some 25 major business groups in this province, expressing their very serious concern about the climate in this province.

I am quoting from that release from the vice-president of the Canadian Manufacturers' Association, Ontario division, and here is what he has to say. This is not the Liberal Party or the Conservative Party, but the business community itself. Mr Nykanen is saying, "We are concerned that the government's current agenda is ignoring the economic needs of our citizens." He added, "The Labour Relations Act proposals contained in the recently leaked cabinet submission are evidence of this, because they would make it more difficult and costly to operate in the province. What Ontario needs now is more jobs, not more labour disputes and work stoppages."

So if you are talking about spreading myths, I would recommend that perhaps you speak to the Aerospace Industries Association of Canada, the Automotive Parts Manufacturers' Association of Canada, the Canadian Chemical Producers' Association, the Canadian Foundry Association and so on, some 25 organizations that represent a lot of people, and a lot of people who are very concerned about the economic future of this province. I would recommend you take a look at that.

Interjection.

**The Vice-Chair:** Excuse me, Mr Perruzza, you are out of order. I would appreciate, Mr Daigeler, if you would make your comments through the Chair. Mr Perruzza, if you could show the same respect the members did when you were speaking.

**Mr Daigeler:** You are quite right, Madam Chair, but as you did not direct the member for Downsview at the time he put forward his tirade and I did not interrupt him, I thought at least for the record I should put into proper order what this party stands for, and I think the third party can speak for itself.

**The Vice-Chair:** Mr Daigeler, I was not questioning what you said. I just wanted you to just make your comments through the Chair. Thank you.

1710

**Mr Daigeler:** My question is to the minister, and perhaps this may be the first question that actually relates to the estimates document we received. Obviously, the estimates process gives us an opportunity to review the general policies of the minister and of the ministry, but also we should have some chance to look at the actual dollar figures that are in the estimates.

I am concerned, Minister, and I am just wondering how you feel about this in a time of recession and cost overruns—very significant cost overruns in terms of our budget—that the salaries in your own office are increasing by 31% over last year. I am referring to page 15 in the estimates book.

If you would like to comment on that, what is the increase in terms of the number of people that represents and who are these people? I presume these are additional people. What is the role they will be fulfilling or are fulfilling at the present time?

**Hon Mr Mackenzie:** We will have to get you a run-down on our actual office operations, if you are referring to my office operations. I was not at all sure that we were any higher in terms of numbers than some of the previous ministry people.

I can tell you that the general perception, and I think more than perception, is that there has been a heck of an increase in the workload. Some of that is that it is an NDP government and people have been, as they do, I think, any new government, trying us out and coming to us and have raised some issues with us. In terms of the ministry itself, a lot of it has to do with the increases that are there and substantial in terms of the wage protection program, in terms of the backlog that exists. I can tell you on health and safety problems that we tried to start cutting down, and a number of the other sections of the ministry.



**Mr Thomson:** I might add, if I could, that this vote and item relates to our overall main office, which includes the minister's office, includes my office and related programs. The bulk of the increased expenditures relate to unique programs that happen to be placed into this vote and item but do not relate to added staff in the minister's office; for example, the cost of the adjudicator's office that is established by the wage protection act; a justice review project that I chair that relates to overall development of justice policy, and the dollars for that have been put into my budget although it relates to an interministerial exercise involving a number of other ministries; the costs associated with the Windsor relocation for this year. Those are three examples of things that have been placed in this budget but do not relate to the minister's office; they relate to specific projects that are funded out of the main office of the ministry.

**Mr Daigeler:** I appreciate that clarification and I look forward to something in writing that will break that down and give us the precise figures, because when I see 130% increase for your whole ministry—while we would expect, of course, the NDP government to put special emphasis on labour issues, and I think that is fair enough, still, that certainly, to any ordinary person, would seem a very high figure.

**Hon Mr Mackenzie:** You should also be aware that we have raised in the House for a number of years some of the problems in the lengthening case load handling time; whether it is health and safety or employment standards, you name it, our perception when we took over the ministry is that it really had been short-changed for at least a couple of years by previous governments and there was a heck of a backlog and an increasing time frame in dealing with problems. We have been trying to reduce that. In the health and safety field we have 20,000 or 30,000 new committees in the province as a result of legislation that had just gone through, and there is a commitment, I think, to some 73 or 83 additional health and safety inspectors if we are going to deal with the increased case load as a result of the health and safety legislation.

**Mr Daigeler:** I acknowledge that and, as I indicated, since this is a priority for your government, obviously you have chosen to do that, but at the same time I think the public has to be very much conscious of the fact that there is a very significant dollar figure associated with it and, especially at a time when we have these cost overruns, these changes that are being made cost money.

**Hon Mr Mackenzie:** It would cost us even more if we were not dealing with the new health and safety committee setup and the workers and the companies did not have that opportunity, or if we increased the time frames even further on employment standards cases or any number of other issues. I do not think there is anything in that budget I am not prepared to argue for.

**Mr Daigeler:** I would like to argue again, a pretty substantive increase for the Pay Equity Commission. It is going from the actuals, or interim actuals, of \$6,661,000 to \$8,374,000. In terms of percentage I am not quite sure how much that is, but certainly quite significant. Why is that?

**Hon Mr Mackenzie:** I think you yourself or one of the other members was raising earlier some of the difficult situations we are facing in terms of exactly who has to be covered under this. The pay equity legislation is relatively new legislation as well, so I think we are attempting to deal with a major problem that has taken a long time to come to grips with in the province of Ontario.

**Mr Thomson:** Mr Daigeler, I can provide you with some of the estimates and some of the realities that show the increase in case load with the Pay Equity Commission. With each year, as a new set of employees is covered by the Pay Equity Act—it was originally just about companies with more than 500 employees; then it was 100 to 500; starting next year it is under 100—it increases astronomically the number of workplaces covered by the act, so a large amount of this increase is simply to enable that increase to be dealt with.

I also have a document, returning to Mr Tilson's question, that helps to explain where the added increases have been. I found the figures he has spoken to. Those primarily relate to the increased work that the Pay Equity Commission has done to advertise the act and the benefits of the act primarily to non-unionized workforces and to visible minority and other women in more vulnerable jobs.

To say one last thing, the largest part of our large increase as a ministry relates to the wage protection program. About \$170 million of that increase is the wage protection program.

**Mr Daigeler:** I look forward to the material that you can provide for us on the increase with regard to the Pay Equity Commission. I think my colleague has a question.

**Mr McGuinty:** How much time do I have, Madam Chair?

**The Vice-Chair:** You have four minutes.

**Mr McGuinty:** I would like to refer, Minister, to this document left here by Mr Offer. I am referring to something called Cabinet Submission: Analysis and Policy Options. There are a few statements in here and I am going to get your reaction to them. Quoting from page 3, it says, "Without being offered a more participatory role, workers have little protection against layoffs and other threats to job security and job skills as a result of realizing efficiency gains, other than the enforcement of collectively bargained rules through a grievance procedure." The implication there, I think fairly, is that workers should have a more participatory role.

It also says on the same page, "On this basis, the presence of effective trade union representation can be regarded not as an obstacle but rather as a precondition to facilitating the development of a high wage." I think we can take the implication there, Minister, to mean that trade union representation is essential to facilitating the development of a high wage.

I am not going to have you address the specifics of this, rather just the generalities. It goes on to say, "To some extent up to the present time, many employers have responded to global economic restructuring by seeking short-term solutions, including cutting labour costs." I assume that means firing people. "These employers have not co-operated with



workers and unions because they have not perceived any need to do so," the implication being that they should be co-operating.

Then on page 4 it says, "No genuine partnership can exist where one party has a marked advantage over the other, because in such circumstances there is no strategic advantage to co-operation." I take it from the thrust of this that the person who drafted this has concluded that the system is off-kilter, it is out of whack, there is an imbalance. What I am getting at is that when we look at this—whether something is in or out of balance depends on your perspective.

There was reference in the House today to a letter put out by the party, the NDP, a fund-raising letter, and from what I can recall there was wording to the effect that it was raising money to fight business. So my concern is your perspective, the party's perspective, on the balance.

**Mr Perruzza:** Some people have to learn to read.

1720

**Mr McGuinty:** Where do you see yourself fitting, Minister, in terms of this balance? And how do you deal with the difficulty of having roots in a party which historically has advanced the labour cause, has been an advocate on behalf of labour issues and not business issues? I am sure you feel the weight of government now, where you have an obligation to bring a sense of balance, a balanced perspective.

**Hon Mr Mackenzie:** I do not have any difficulty at all. I do not have any difficulty with my background, which is one that did come out of the trade union movement. It is an issue we discussed earlier. I think it has been my education and I think it has been useful, and I do not have any difficulty in playing a role as I see it as Minister of Labour in the province of Ontario and recognizing—which is exactly what we have been trying to do in the changes that we are suggesting and the consultation process that leads up to whatever we finally go with—and saying that things have arrived at a stage in our society today where we have got to find a little better way of dealing with issues.

As I say, we have two alternative models to look at. We can look at the European model, where they have achieved a little more of a co-operative approach, or we can look at what is happening in the US which, I will be very frank with you, scares the heck out of me. I see the run there to low wage, I see the reduction down to—I said 17%—I think it is 16% of their workforce organized. There is not very much speaking for working people in that country, and I think workers have too much to offer to put us in this country on this kind of track. This country is going to be better off if we can achieve a much more co-operative approach and that is exactly what we are trying to do. Having said it, I am not sure how many people with whom I might be in opposition are going to believe a word of it in any event, but all I can do is tell you exactly what I am trying to do.

**Mr Tilson:** I have one more question with respect to pay equity. You mentioned advertisements, and I would like, deputy, if you could inform us what the commission spent

on advertisement in 1990-91. Second, what is your estimated advertising budget for 1991-92?

**Mr Thomson:** I can provide you with those figures. The commission has them. I do not have the exact figures because it is part of a figure that includes other things in addition to advertising, but we will give you those figures.

**Mr Tilson:** If you could add that to the list you will be filing with the committee.

Turning to page 6, I would like to ask a specific question with respect to ministry administration. I wonder if the minister could explain why there has been a 10.2% or \$2.5-million increase in administration costs over 1990-91. Mr Daigeler touched on this, but I would like you to be more specific in giving examples; I would like you to go beyond the examples you were speaking of.

**Mr Thomson:** Ms Petterson or Peter Inokai might want to come and speak to that. There are a number of factors, and only a small percentage of that, or at least the regular inflation, approximately the regular inflation percentage, is there with respect to just normal year-over-year increases. The rest of them are special costs, for example, the costs related to relocation, the costs related to restructuring and some accommodation costs are in there.

**Mr Tilson:** I wonder if you could be more—when you get a 10.2% increase, presumably you have some sort of analysis.

**Mr Thomson:** Yes, we do have a breakdown, and I can provide that to you as well. Can we do that now or should we do that afterwards? I have it right here. Ms Linda Petterson, who is the executive director of finance within the Ministry of Labour. The larger items that are here: There are salary awards and benefit adjustments, and that is \$649,000 of that; the establishment of the adjudicator's office that is required by the wage protection program, there is \$304,000 of that; annualizing the settlement for lawyers that was implemented about a year and a bit ago and then annualized this year, \$337,000; the internal realignment of ministry ODOE to meet head office accommodation needs, that is \$806,000. Perhaps you can explain to us what that means.

**Ms Petterson:** Within the ministry, we have identified funds that we require in order to manage the head office accommodation pressures within the ministry. What we have done is move money from the various activities throughout the ministry into the head office and had a corporate fund to deal with this, because of the difficulty of the individual programs to manage accommodation needs individually. So what we have done is reflected really a realignment of moneys through other areas in the ministry into the ministry administration so that it could be corporately managed.

**Mr Tilson:** I would like stop right there, because I do not understand what you just said. "Head office administration pressures," what does that mean?

**Ms Petterson:** These are accommodation pressures at the ministry at 400 University Avenue and in other locations within downtown Toronto; we have shortfalls in our accommodation needs.

**Mr Tilson:** That is because of increase of staff presumably.

**Ms Petterson:** Increase in staff, and in order to meet these demands and provide the accommodation and requirements of these staff, we have had to fund those costs internally within the Ministry of Labour.

**Mr Tilson:** What are those figures again?

**Ms Petterson:** It is \$806,000.

**Mr Tilson:** And that is strictly for accommodation.

**Ms Petterson:** That is accommodation, leasehold improvements, those kinds of things, leases.

**Mr Thomson:** To give you an example, the added staff associated with the wage protection program we need to place somewhere, and a number of those are located here in Toronto. We have acquired some added space for that purpose and those costs will be covered under this. The \$542,000 relates to the Windsor relocation costs; \$357,000 to the justice review project, which is really not a labour exercise at all but one that I am responsible for, involving the development of a policy framework for the justice system; \$350,000 to deal with the added work that came to us as a result of the Ascov decision, which is the decision you will probably know about that requires prosecutions to be completed within a certain period of time or they are thrown out. That Supreme Court of Canada decision put real pressure on us to speed up all our prosecutions, and that is an added cost to acquire some added lawyers to do that.

**Mr Tilson:** Maybe you could give us some details on that, because your legal services budget increased by 30.5% and I would like you to tell me specifically how the Askov decision affected that percentage increase.

**Mr Thomson:** Yes, we can give you that in some detail. I should also point out that increase in the legal services budget also ties in to Bill 70 and the wage protection program, because we introduced in that bill what is called an expedited appeal process, which requires all employment standards appeals now to be done within a set period of time. It is going to require added staff in the legal branch to process those appeals as quickly as the bill is going to require us to do it. I can give you a breakdown between those two demands on the legal services branch.

**Mr Tilson:** That would be helpful.

**Mr Thomson:** I think those are the major elements, that head office cost.

**Mr Tilson:** Getting back to the first figure you gave with respect to salaries—and again, Mr Daigeler did touch on this—can you tell us how many staff were employed by the minister's office in the spring of 1990, and can you tell us how many staff are currently employed in the minister's office?

1730

**Mr Thomson:** Just the minister's office? We can give you that as well. I do not have that breakdown by actual numbers tied to each of the offices within head office, but we can give you that.

**Mr Tilson:** Is that it, as far as specifying the 10.5% increase?

**Mr Thomson:** Yes, that is it. There are some much smaller figures, but those are the ones of any substance.

**Mr Tilson:** If you could provide that to the committee in writing, that would be helpful.

**Mr Thomson:** Yes, we will do that.

**Mr Tilson:** Madam Chair, do I have any more time?

**The Vice-Chair:** Yes, you have six minutes.

**Mr Tilson:** If I could turn to page 15, dealing with the budget for the main office or the minister's office, the budget has increased \$645,400, which is 12.8%. Can you explain that, or can you provide us with specific details as to why that increase occurred?

**Mr Thomson:** Actually, I think in the figures I just gave you I covered both. If you want us to break that down into the two, I have covered all of main office in the figures I gave you—

**Mr Tilson:** I do.

**Mr Thomson:** But some of the ones I have just told you about—Windsor relocation, the justice review project, establishment of the adjudicator's office—are part of this, which is a component of our overall head office expenses.

**Mr Tilson:** You have a 10.2% ministry administration cost and then you have a 12.8% increase in the main office.

**Mr Thomson:** The second you are citing is a sub-component of the first one you cited.

**Mr Tilson:** I agree. You are absolutely right, it is.

**Mr Thomson:** You would like us to provide you with a breakdown of the overall figure and then, in addition to that, how much of that is tied to this particular—

**Mr Tilson:** Specifically the main office, yes.

**Mr Thomson:** That is fine.

**Mr G. Wilson:** First of all, I would like to refer to something that Mr Daigeler said about how we do not seem to be specifying things in the estimates. I want to point out that my question to do with the employment adjustment centre or the help centre refers to vote 2405, item 3, and did come out of looking at the estimates the ministry had put forward.

We also want to pick up on a general point too. I think it is understood that the environment the ministry works in is determined by the general outlook we have, that is, by views put forward by both business and labour and by government and the community at large. When we think about the job creation—that is something that is in the forefront of all our minds—we have to think about what kind of jobs are created. Part-time jobs obviously do not provide the kind of ability to support a standard of living that we would think is suitable in today's society. Even some full-time jobs that pay only minimum wage obviously do not provide the standard of living we think should be aimed for in our society. I know from a previous question that the Ministry of Labour is involved with other ministries in trying to set up the proper environment for producing jobs.



Some of the things that directly affect the ministry are very draining, like the regulation of work, the laws having to do with safety on the job, and workers' compensation, which actually comes out of that—the amount of money needed to pay for the kinds of accidents that happen on the job, and the reason for trying to make the workplace as safe as possible.

I would like you to comment here, if you would, Minister, on the prospect of jobs, the kinds of jobs that can be created, and what the Ministry of Labour can do to try to work towards as well-paying jobs as we can get. This touches on the labour adjustment centres and what some of the programs are that follow from that in this world we are part of, which is so quickly changing that we have to be so attuned to the conditions and circumstances that affect the workplace.

**Hon Mr Mackenzie:** I am not sure that I totally understand your question, whether you are talking about jobs at the ministry or—

**Mr G. Wilson:** No, sorry. I meant jobs in the workplace. The pressure seems to be to create jobs without the thought that part-time jobs—I know this was an issue in the recent circumstances at the Toronto Transit Commission and is a concern for workers at large, that the jobs be ones that can support a standard of living that we think, in our society, is something we can be proud of, rather than just a job being something that becomes a number. As long as we are creating jobs that are part-time or even full-time but are paid at minimum wage, that will not support a worker and her or his family.

**Hon Mr Mackenzie:** You will notice in some of the labour adjustment stuff we came in with some time ago that an awful lot of the money and the effort, not only in our ministry but other ministries, is involved in training. One of the things we have found in this difficult situation, when the economy is in a downturn, is that it is easier to place people who have the skills and the training than it is those who do not, and some of it at a relatively low level. For some people who work for a long time at a production job and do not have full command of the English language, it can be a major benefit in terms of getting another job if they are able to upgrade their skills there. So a lot of our emphasis in the labour adjustment committees and in the programs deals with the whole training issue. I think you probably have to look at a little broader picture to really get at the question of high-value-added jobs, which is certainly a direction of this government.

**Mr Thomson:** I would like to say that Naomi Alboim is here. You may want to talk to her afterwards. She has just taken on the status of deputy minister and is putting together the overall training board that will deal with the training that you are raising on a broader level.

I think we can say we have been engaged in a fair amount of work—particularly tied to individual closures, and in some cases larger communities, for example, the work in Elliot Lake and the work being done through the group called Canadian Steel Trades Employment Congress in Sault Ste Marie—to really get at the major change in role that has to take place with respect to people who have

been engaged in a relatively semi-skilled but focused kind of job for a lot of years and now have to adapt to a very different kind of work environment.

Some of the things being done in places like the Sault and some of the things that have been tried through our labour adjustment committees are helping people to make that very fundamental change. It is about to be a much larger issue. That is where the broader work of the training board under Naomi Alboim's direction I think will become very relevant.

**Mr G. Wilson:** We would all agree that this kind of training should be carried on in an environment of a supportive nature, so I am glad the ministry is paying attention to that. Everybody recognizes that we are in a different world and have to look for these hard changes the deputy has referred to. People are just having to change to jobs that they had no idea when they began their work career they would be looking at.

**Mr Lessard:** I have a question that is closely related to a question that I asked the last time I was here. It has to do with the wage protection fund and the fact that employees who work for the Welles Corp in Windsor just missed the cut-off date in order to be covered under that fund. The only way for them to receive the compensation they are entitled to is through the sale of a building or some other enforcement proceedings. I was wondering whether there has been any investigation or follow-up with respect to that process thus far by the employment standards branch.

1740

**Hon Mr Mackenzie:** I am not sure if it is in my notes or not. I am sure we have a fact sheet on the situation. I am not sure it resolves your problems, but we may get an answer here.

**Ms Coursey:** Pat Coursey, acting director of the employment practices branch. The mortgagee has instituted power of sale proceedings with respect to the property, and we are presently trying to find out what the appraised value of the property is. Once that sale proceeds, we are hoping that there will be enough money left over for us to institute payment to the employees.

**Hon Mr Mackenzie:** I just found the page. The employment standards branch issued an order to pay—this is the Welles Corp—in February 1991 for \$887,000 in severance pay owing to 135 Welles' employees. The order has not been paid as the company is insolvent and not operating. Its property is currently being sold by the first mortgagee to recover the money owing to it. Any surplus money following the sale will be available to creditors, including the employees. There is the background sheet on it.

**Mr Lessard:** So we do not know the anticipated amount?

**Hon Mr Mackenzie:** We do not know what the answer will be on that as yet.

**Mr Lessard:** The other question relates to the relocation of the ministry. A few questions have been asked with respect to the costs that have been associated with that and I wonder whether you can tell me what those costs relate to. What sort of work has been done with respect to the



move and what sort of things do you expect will be done in the coming year?

**Hon Mr Mackenzie:** Do you have the answers to that?

**Ms Petterson:** You are talking about the costs to date as they relate to the relocation for the Ministry of Labour?

**Mr Lessard:** Right.

**Ms Petterson:** We have established a relocation unit within the ministry and have identified and allocated a little over \$400,000 for that unit to function. Their responsibilities are, of course, to work through the detail of the move to Windsor and ensure that there are consultation and communication efforts undertaken. So far this year those are the kinds of things they have been doing. It has been a planning process so far and a communication process in regard to the Windsor relocation.

**Mr Thomson:** We have also hired someone in Windsor to deal with the relations with the community as we begin to plan for the move. We are also hoping that we can arrange a number of opportunities for staff within the Ministry of Labour to go to Windsor, see what Windsor is like, to help them as they get ready to make a decision on whether they will be moving with the ministry to the community.

**Mr Lessard:** What about the building planning, the design, or whatever work needs to be done?

**Mr Thomson:** We are partly involved in that. Government Services is primarily involved and the people to work on that from our standpoint. That is included in the budget. The actual building itself and the building of that building is about two or three years away, even getting going with that.

**Mr Lessard:** Will there be people from the ministry who will be relocating to Windsor before the building is complete? Is this going to be a phased-in move?

**Mr Thomson:** In all likelihood the move will not take place until the building is completed because of the difficulty involved in moving parts of a branch down and leaving part here. We are obviously going to keep reviewing that. But our present plan would be to have the people move generally as a group in the summer of 1996 probably.

**Mr O'Connor:** I am glad to hear a little bit of the talk around Bill 70. That is something all members of the Legislature should be able to take a certain amount of pride in, because the committee process was difficult in trying to define things. In fact the Metro business association, the chamber of commerce and the manufacturers' association seemed to think we were being a little bit over-generous. If the federal government had made some changes, perhaps they could have addressed this without us having to worry about it. There have been about seven attempts in the last 25 years to change some of the bankruptcy legislation that probably would have saved a lot of committee grief. But I think it is still something we can all be very proud of, because we are going to be getting money to some employees who well deserve it as far as earned wages, vacation pay and what not are concerned.

One thing that concerns me, though, is that it was part of the throne speech, rapidly approaching a year ago now, and we are going to third reading soon, but there are people who have been waiting. Are there claims being processed

right now as we wait so that they can get their money as quickly as possible, because my concern is the increasing social assistance in the province right now. Maybe we can alleviate some of that strain that we have before us.

**Hon Mr Mackenzie:** The quick answer is yes, but I will let the deputy deal with it. We have had some discussions on this.

**Mr Thomson:** We have been attempting to go as far as we can in the absence of a completed bill. We are hoping that when the bill is proclaimed we will have the files relating to approximately 7,000 employees completed, and over the first few weeks after the bill is proclaimed, we would hope to get that money out. We have in total claims from 17,000 employees, and we are continuing to process them as quickly as we can. We are starting with those who have waited the longest and working our way through. There will be some delay at the beginning because of this enormous blip as a result of the backdating of the legislation, but we do think we will have about 7,000 people ready to go when the bill is proclaimed and over the few weeks after that, and we are hoping to double that in the following couple of months.

**Mr O'Connor:** Terrific. One of the members opposite was questioning the advertising budget. Maybe a concern tied in with that would be, because there are so many people affected by the Bill 70 legislation and there could quite possibly be other people who end up having to return to other ways of surviving through this period of recession when so many people are hurting, is there a program being implemented to try to get out to those people who may not know about the program, and how are you trying to reach out to those people?

**Mr Thomson:** Yes, we do have a fairly full communications package plan that will try to achieve the very objective you speak of, to get an understanding of the program broadly out across the province so employees who may have a claim will know about that. That communications plan will kick into place very soon after the bill is proclaimed.

**Mr O'Connor:** I am pleased to hear that, and I think that is something that probably all of us members can be very proud about too.

**The Vice-Chair:** I understand, Mr Daigeler, that you have a question you would like to put on the record, and I also understand there is agreement that we will then take the vote on the Ministry of Labour estimates. Please place your question.

**Mr Daigeler:** I would like to do that, and I would appreciate if we would get a written answer on it; it relates to the Transitions program, whether you can give us the takeup in the program since its establishment in 1987 and what the takeup has been this year to date. Also, if you have done any kind of evaluation of the program's strengths and weaknesses, we would appreciate the result of that inquiry. We would appreciate anything you have on how the Transitions program is working.

**Mr Thomson:** We could provide you with both of those. There has been a fairly major increase in takeup this year which we can tell you about, and we have also just

done an evaluation of the program and we can tell you about that.

**The Vice-Chair:** I understand the minister wishes to correct some information he gave a few moments ago.

**Hon Mr Mackenzie:** When we were discussing the WCB, I used the word workers' "advisers," and it was the workers' adjudicators, assistant adjudicators that we are changing into advisers now, or into support staff.

**Mr Daigeler:** We forgive you.

**Hon Mr Mackenzie:** That is the record corrected.

**The Vice-Chair:** I am aware we have not used our full allotment of time on these estimates. In fact, we have

approximately 45 minutes remaining, but I also understand there is an all-party agreement that we take the vote now, so if the committee agrees, I will call the vote. Seeing no disagreement, shall votes 2401 to 2407 carry? All in favour?

Votes 2401 to 2407, inclusive, agreed to.

**The Vice-Chair:** Shall the estimates for the Ministry of Labour be reported to the House? All in favour? Opposed?

Agreed to.

**The Vice-Chair:** I would just like to say that is the completion of today's agenda. Thank you for your co-operation today.

The committee adjourned at 1751.

## CONTENTS

Tuesday 24 September 1991

Ministry of Labour . . . . . E-385

### STANDING COMMITTEE ON ESTIMATES

**Chair:** Jackson, Cameron (Burlington South PC)  
**Vice-Chair:** Marland, Margaret (Mississauga South PC)  
Carr, Gary (Oakville South PC)  
Daigeler, Hans (Nepean L)  
Farnan, Mike (Cambridge NDP)  
Johnson, Paul R. (Prince Edward-Lennox-South Hastings NDP)  
Lessard, Wayne (Windsor-Walkerville NDP)  
McGuinty, Dalton (Ottawa South L)  
McLeod, Lyn (Fort William L)  
O'Connor, Larry (Durham-York NDP)  
Perruzza, Anthony (Downsview NDP)  
Wilson, Gary (Kingston and The Islands NDP)

**Substitutions:**

Harrington, Margaret H. (Niagara Falls NDP) for Mr Johnson  
Offer, Steven (Mississauga North L) for Mrs McLeod  
Tilson, David (Dufferin-Peel PC) for Mr Carr

**Clerk:** Carrozza, Franco









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E-13 1991

E-13 1991

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## Legislative Assembly of Ontario

First Session, 35th Parliament

## Assemblée législative de l'Ontario

Première session, 35<sup>e</sup> législature

# Official Report of Debates (Hansard)

Wednesday 25 September 1991

# Journal des débats (Hansard)

Le mercredi 25 septembre 1991

## Standing committee on estimates

Organization

Ministry of Industry, Trade  
and Technology

## Comité permanent des budgets des dépenses

Organisation

Ministère de l'Industrie,  
du Commerce et de la Technologie

Chair: Cameron Jackson  
Clerk: Franco Carrozza

Président : Cameron Jackson  
Greffier : Franco Carrozza

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## Table of Contents

Table of Contents for proceedings reported in this issue appears at the back, together with a list of committee members and other members taking part.

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## Table des matières

La table des matières des séances rapportées dans ce numéro se trouve à l'arrière de ce fascicule, ainsi qu'une liste des membres du comité et des autres députés ayant participé.

Il existe un index cumulatif des numéros précédents. Les renseignements qu'il contient sont à votre disposition par téléphone auprès des employés de l'index du Journal des débats au (416) 325-7400.

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON ESTIMATES

Wednesday 25 September 1991

The committee met at 1531 in committee room 2.

### ORGANIZATION

**The Chair:** We have perhaps five minutes of committee work to attend to as we await the minister. Before you is an agenda. We would like to deal with the subcommittee report and I have another household matter to deal with. The committee has a report in front of it. The subcommittee met at noon today and is reporting to the full committee "that the committee request from the three House leaders permission to continue to meet past the third Thursday of November (21) 1991, notwithstanding standing order 60(a)." Any comments or questions?

**Mr G. Wilson:** As you know, this committee has had to be restructured because of Karen Haslam becoming Minister of Culture and Communications; she is no longer on this committee. As I understand it, the person who was in the subcommittee meeting came to me after the subcommittee to report this. I do not think all the factors have been considered; they are not in here as such. It is just a bald statement. I was wondering whether we could have either some discussion of that now, or the reasons for it, or else a caucus before our own committee just so we will be clear on what the reasons are.

**The Chair:** For the record, I should indicate that the subcommittee representative for the governing party, Mr Johnson, was present. He is required in the House at this moment to present revenue bills. However, it has his support. Perhaps Mr Carr or Mr Daigeler, who are present, might wish to comment on the second part of your question, but thank you for clarifying. All parties were represented at the subcommittee meeting.

**Mr Carr:** The discussion was basically around how we are going to get to all the estimates in the time frame. The discussion centred around the fact that in the present climate, when we are looking at government spending more than ever before—I guess the Premier has often said that he is looking to opposition parties and senior civil servants and everyone—this committee should do everything in its power to get through as many ministries as we can in the time frame, notwithstanding the fact that a lot of it got pushed back because of the budget being pushed back and some of the books not being ready, and then not having an opportunity to catch up over the summer. It was our hope that we could do whatever it takes to get through as many ministries as possible through this process.

If you look on page 2, at one of the requests that had come through—I guess we tabled about four suggestions that were made—after some discussion, I think the consensus was that we need to show the public this process is important. As you know, the auditor's statements have been somewhat critical of this committee and its process, so we would attempt to do everything possible to get through as many

of the ministries as possible. There was agreement on that. As a result, we came up with this position to attempt to persuade the House leaders to take a hard look at it. That was the general discussion, I think, Hans, if I am correct.

**Mr Daigeler:** That reflects what was going on at noon. I thought your colleagues spoke to you in the meantime.

**Mr G. Wilson:** Sorry, I did not hear your comment.

**Mr Daigeler:** I think Mr Carr accurately reflected what went on at noon. I would have assumed your representative would have reached you by now, but it is the normal practice that the subcommittee discusses these things and makes a recommendation. Obviously, the committee members can do whatever they want with their subcommittee report, but Mr Carr spoke accurately as to what went on at noon.

**Mr O'Connor:** I think we are putting a request to the House leaders to take a look at what we have before us. They will have to take a look at the schedules and they will have a better idea exactly what time can be allotted. I suppose they will have to take it to the Board of Internal Economy as well because it would probably reflect on the committee's budget for the whole year. I suppose it is something we can send to the House leaders and have them discuss it and take it through the appropriate channels. It does seem like a very reasonable request in this period of accountability, though.

**The Chair:** Just for the record, the standing orders define for us our practices. If we follow our standing orders without interruptions of committee time for being called to the House, the best look is that we will complete only seven of our 12 ministries and not even complete the seventh ministry. So, to complete the task or even come close to completion, we have to do something that will allow us to complete our sittings. We must therefore go to the House leaders to amend the standing orders. That is the procedure.

The committee looked at the option of meeting during the spring session in January and February and felt all of the expenditures will have been done and that really the process would be more political than accounting. The second suggestion was extending the reporting date line, which is the option being presented today. There will be no expense increase other than coffee for those meetings, is the extent of the expense for that, in all probability. The Monday evening meetings were suggested but they represent some difficulty; and meeting one extra day, either the Wednesday or Monday morning or even the Thursday morning while the House is sitting, was also considered.

If there is no other discussion we would like to proceed to a vote, if it would be moved by a member of the subcommittee. All those in favour? Opposed, if any? Carried.

The second item is housekeeping, as I indicated earlier. We are required to report the estimates, which were tabled

Monday, September 23, containing the Legislative Assembly, the Office of the Ombudsman, the Provincial Auditor and the election office. In accordance with our standing orders, since we are not dealing with these, they would be routinely reported to the House. I would do that tomorrow if it is the committee's wish to approve it.

If there is no discussion, I entertain a motion to proceed in that fashion. Thank you, Mr O'Connor. All those in favour? Opposed, if any?

Motion agreed to.

1540

**The Chair:** If there is no other business, I would like to—

**Mr Daigeler:** I understand from the research office that you are requesting to put together a paper. You may have overlooked that. It might be useful to advise the committee on that as well.

**The Chair:** Yes. At the subcommittee level it was suggested that the legislative research department update the report, which is now 2½ years old, with respect to analysing how Ontario is managing its estimates processes, to bring that up to date, and several other matters. That is only the information of the committee. I would entertain any questions privately after the estimates but I would like to proceed to invite the minister.

#### MINISTRY OF INDUSTRY, TRADE AND TECHNOLOGY

**The Chair:** There being no further business, I welcome the Minister of Industry, Trade and Technology to his first estimates, I believe.

**Hon Mr Philip:** My first as a minister, if that is what you mean. I have been in many estimates.

**The Chair:** I invite the minister to introduce those who are accompanying him for the purposes of Hansard and the committee's benefit. I also suggest that, in accordance with our procedures, we will be allotting up to 7½ hours for this ministry. As is the custom, we invite the minister to use up to 30 minutes for his opening comments in any way he sees fit, then we will invite the official opposition for their 30-minute period and then the third party will be given that opportunity. The minister will be given time following that procedure to respond for up to 30 minutes. With that, I welcome the minister and allow him to proceed.

**Hon Mr Philip:** It is a pleasure to participate in this set of estimates. I would like to introduce Tim Armstrong, my new deputy minister of a few weeks, not new to the Ministry of Industry, Trade and Technology, but certainly new to me. Tim, maybe you can introduce some of the staff we have here.

**Mr Armstrong:** Let me introduce Brian Wood, the executive director of finance and administration; and Bill Corcoran, who is the assistant deputy minister, industry and technology division. We will be joined shortly by the assistant deputy minister of trade and international relations, Claudette MacKay-Lassonde; the assistant deputy minister of policy and development, Peter Sadlier-Brown; the assistant deputy minister, northern industry, Jim McClure; the

president and chief executive officer of the Ontario Development Corp, David MacKinnon; the president and chief executive officer of the Ontario International Corp, Gordon Gow; and assorted public servants of well-known reputation and talent, all of whom are here to assist the committee and the minister and we are delighted to be here to assist you.

**Hon Mr Philip:** I particularly want to welcome Mr Carr. This is my second speech he has had to sit through today. We had breakfast together and I appreciate that he is either a bear for punishment or interested so much in this matter that he wanted to come back and hear the longer version of the speech. I welcome this opportunity to present to you the 1991-92 estimates of the new ministry I have just taken over, the Ministry of Industry, Trade and Technology.

I see in the room today many who have served in previous governments including the former Minister of Industry, Trade and Technology, and I want to acknowledge the expertise he has. I will be interested in any constructive suggestions he may have to offer me as the new minister. I may be new in the ministry, but as many of you have noticed and as the Chair has pointed out, I am not new to this process. I recall my days as Transportation critic, when Jim Snow had to put up with me for 27 hours of estimates. It was quite an experience for both of us, it certainly made for long-lasting friendships for some reason or other. I still get calls from Jim with advice on transportation. I have not had a call from him recently.

As some of you know, I have been serving in the Legislature since 1975. During my time in opposition I have served as Chairman of the standing committee on public accounts. Value-for-money auditing is a particular interest of mine and it is something I carry over into this business ministry. Coming to MITT in times like these has been a challenge. There are big changes happening in the world and in Ontario: structural changes as industry adapts to new technology and new competitors, cyclical change as we in the developed economies emerge from recession, and changes in the international marketplace and in the way business is done as the world undergoes the process of globalization.

As the ministry responsible for industry, trade and technology programs and policy development as well as for much of Ontario's economic development activity, MITT is involved in these changes in a very substantial way. For example, we have been working closely with Algoma Steel to help that company resolve its difficulties. We have entered into negotiations to become a partner with the European consortium attempting to buy de Havilland because we feel that investing in aerospace is an investment in the key industry in Ontario's future. We established the manufacturing recovery program to help small- and medium-size business firms recover from the recession. Through the program, companies such as Epton Industries and Panill Veneer have received government assistance.

Governments, however, must do more than react and help firms cope with recession, important as that is. Like business, governments must prepare for the future. Accordingly, my ministry, in consultation with other ministries and with the wider public, is in the midst of developing a detailed strategy to guide future options and



actions in the industrial and economic policy sphere. I mention these few issues to demonstrate to you that government is taking action, that MITT is responding to the current environment of economic change both here and now and for the long-term future. In doing so, we are listening to the business community.

One of the key messages I want to convey to you in my remarks today is that this is a government that wants to hear business concerns. Through me and through MITT, there is a direct link between business and the cabinet and we believe in the principles of co-operation. This is an NDP government, the first in Ontario's history, and I am proud to say that means our notion of co-operation and consultation includes not just government and business but also the labour movement, working people, the disadvantaged and others with an interest and stake in Ontario's prosperity. Our economic strategy must be based on this kind of relationship.

In my comments today I would like to tell you about some of MITT's recent accomplishments as well as our plans for the future. I will tell you what we are doing and how we are responding to the fast-changing environment both here in Ontario and in the area of international trade. I will touch on the most important of our existing programs and our activities and I will describe a few important new ones.

1550

These are not easy economic times for any government. We took office in the middle of the worst recession in 50 years, a recession that will have lasted well over a year by the time it ends. The high interest rates, high-dollar policies of the federal government, coming as they have in the wake of the free trade agreement, have resulted in serious dislocation for many companies in this province. We have seen the impact in terms of jobs lost, falling exports and increasing shutdowns.

Real gross domestic product in Ontario declined by almost a percentage point last year. The GDP will have shrunk by 3.3% in 1991 and for the period January to March 1991 the GDP declined at a 6% annualized rate following a drop of a precipitous 8.4% in the last quarter of last year, and would have been even worse but for a rebound in business inventories. Job losses during the recession were higher than in any recession since the war. Altogether employment in Ontario declined by close to 250,000 jobs.

I am happy to tell you that the consensus among economists now is that the worst of the recession is behind us. The Canadian economy began to recover in the second quarter of this year, led by personal consumer spending and exports. The proof is in the increases in auto sales, employment, housing activity, retail sales and in manufacturing exports. Labour markets, too, began to strengthen in the second quarter. Employment in Canada grew by 1.2% at an annual rate between April and June, compared to a drop of 5.7% in the first quarter. Ontario's growth was 0.5% at an annualized rate in the second quarter.

Especially welcome for Ontario were the gains to manufacturing employment. Along with a large increase in manufacturing shipments and output, goods-producing industries had the largest employment increase in almost

two years in April and May. Ontario's manufacturing industries had particularly strong employment growth from February to May.

Turning to the future, Treasury economists are now forecasting that Ontario's output will grow by an average of 3.7% a year over the next three years. The Conference Board of Canada forecasts that Ontario will lead the Canadian economy out of the recession with a GDP growth rate of 3.8% in 1992. A key factor for Ontario will be the renewed demand for our manufactured goods, particularly from the United States. Again, according to the Conference Board of Canada, Canadian manufacturing, which is centred in Ontario and Quebec, will grow by 4.5% next year. So the Ontario economy is bouncing back and with strong growth.

An important point I want to make here is that despite the business downturn in the last year and despite the continuing pressures we face adapting in to structural change, Ontario continues to be a diverse, resilient, stable economy and a good place to live and do business. Here is proof: Over the past two decades Ontario's wealth has been growing at among the highest rates of any developed economy. It is more than a matter of GDP numbers. The United Nations has over the past two decades developed something it calls the human development index, or HDI, to measure the favourability of a country's overall human development conditions. By this measure, Canada ranked second in 1990, up from seventh place in 1970 when the index began.

This leads to what I think is a very important point often overlooked when we discuss economic policy as the link between our economic structure, our labour markets and our human resources. The most important resource to our industrial future, especially as we shift to value-added activities, is our labour force. A complex, diverse economic society such as ours allows for the development of broadly based and portable labour force skills and experience and so increases potential for the transfer of knowledge and technology between firms. These are the underlying and interrelated strengths on which Ontario will be built.

Let's turn to the bigger picture and look at some specific cases. When we look at the Ontario economy by industry we see, not surprisingly, that different sectors have been affected in different ways by the cyclical downturn and by the process of structural adjustment. For example, the slowdown in the housing market and in business spending on plants has seriously affected construction, engineering and architecture. The outlook for these sectors will improve as the recovery gathers momentum.

The electrical and electronics industry has been less affected by the recession than by structural change. More than any other sector, electrical and electronics firms are competing globally. Companies make decisions about where to locate plants and make new investments on a global basis. We will work to ensure that Ontario remains competitive in this high-value-added sector.

The food processing industry has been adversely affected by the Canada-US free trade agreement and will be a continuing source of concern to policymakers in the immediate future. The furniture sector, too, continues to adjust to the loss of tariff protection and increased competitive pressures from around the world.

Two of Ontario's most dynamic sectors are software and computer services and health care. For example, the software and computer service industry will grow by about 16% in 1991. In the computer software subsector, PC and scientific workstation manufacturers are booming. Many companies, Digital Equipment Corp, IBM, Hewlett-Packard and Apple are expanding either manufacturing or procurement in Ontario.

While Ontario's aviation and space industry remains one of the province's most important export industries, a number of major firms are facing difficulties. As a high-value-added, export-oriented sector, aerospace is important to Ontario's future and the priority of this ministry.

Our automotive sector has been in a cyclical downturn that has affected all suppliers to the industry worldwide. There are strong signs that the downturn in autos is now ending. Indeed, despite the downturn and global competition, major new investments are under way. Over the medium term, however, there remains cause for concern as the Canadian auto assemblers open their sourcing to parts makers from outside the country.

In terms of small business, many of you know that almost 98% of Ontario's 325,000 businesses have fewer than 100 employees and that between 1988 and 1989, 82% of the net new jobs in Ontario were created by these small businesses. It is a fact that new businesses are a critical component of job creation. General economic conditions have, however, resulted in close to a 20% decline in new business registrations in Ontario over the past year. In addition, my staff estimates some 25,000 existing businesses have closed in Ontario this year.

I am not going to review the performance of every sector in Ontario. The point I would like to make is that, as the recovery gains momentum, our higher-value-added, export-oriented sectors are well positioned for the future. What we must do as a government and as the Ministry of Industry, Trade and Technology is to help the private sector to realize that potential. I repeat that co-operation will be essential because the effects of this recession will be with us for some time and will have serious implications for Ontario, for the ministry and for industry.

Before I go into the ministry's activities and plans for the future, I want to tell you about what we have been doing over the last year to make our operations and the delivery of our existing services and programs more effective and efficient. First, we created a new industry and technology division with a responsibility for our domestic regional offices, small business and the ministry's technology programs. In other words, all our domestic industry programs are under one roof.

Second, and this is a major change from the past, the ministry has assumed responsibility for the international activities of the Ministry of Intergovernmental Affairs, comprising an international relations branch, the office of protocol and the international planning secretariat. In the new global economy, diplomatic and economic concerns are not easily separated from trade and investment. By combining MITT overseas branches with the Ministry of Intergovernmental Affairs offices under the ministry's new trade and international relations division, we have now

linked trade and investment objectives with the broader economic and diplomatic objectives. Now Ontario speaks with one voice in foreign markets. A new policy and development division has been set up with responsibility for all policy—industrial and technology, sectoral and trade policy. The division is also responsible for a cabinet liaison.

The northern industry division continues to co-ordinate MITT activities in the north and to promote trade investment and innovation in this region. To oversee and manage our expanded and reorganized range of activities, we have recently welcomed two new deputy ministers, Bill Corcoran for the industry and technology division and Claudette MacKay-Lassonde for trade and international relations. She was flying in from New York. I do not see her here yet, but I am sure she will arrive soon. Both come to MITT from senior positions in the private sector. They join Peter Sadlier-Brown, the assistant deputy minister of the expanded policy and development division, and Jim McClure, ADM of northern industry.

#### 1600

In addition to the reorganization, we have taken other steps as part of MITT's continuing process of renewal. For example, the ministry's administrative manual has been reviewed and rewritten both to reflect current policies and procedures and to make it more usable.

Over the years, human resources decision-making has been pushed further down the line at MITT, part of the process of making operations less bureaucratic and less tightly controlled from the top. The new Human Resources Directives and Guidelines helps managers operate with this more accessible and flexible human resources management system.

Part of the new human resources system has been the introduction of PRAISE, a new performance appraisal system to help management and employees better set objectives and standards of performance. All managers have now received training in the new system. Our electronic data transmission network has been expanded and upgraded. We can now send electronic mail to MITT offices on the other side of the world. Our networks continue to be expanded and made available for the use of other ministries. The next big step in expanding our information of technology resources is the introduction of the opportunity management system, or OMS.

OMS will be, in effect, a ministry-wide filing system containing all information about our clients, our international context and our dealings with them. The data base is tailored to the needs of different users in the ministry and will be continually updated. OMS has been successfully implemented and tested with sites in head office, Willowdale and Chicago. The purpose of all these changes is one dear to my heart: to increase the value of what we are getting for taxpayers' money. In so doing we are also fulfilling our mandate to support new technologies.

As I have learned over the past few weeks, MITT is a complex ministry, with many programs and activities. I could not mention every one of these initiatives without keeping you here for longer than I want to speak or much longer than you want to listen; I will therefore pick just a few of the more important activities to deal with.



First, trade and international relations: In 1990, Ontario's exports of over \$74 billion accounted for half of all Canadian exports. Trade is as important to the economic wellbeing of Ontario as it is to the major trading economies, including Germany and Japan. If we want to continue to have a high standard of living, we have to continue to export, and the competition is getting tougher all the time.

Increasing our exports means more than just marketing products and services. That may have been good in the past, but in an era of globalization, increasing exports also means telling the world that Ontario is a modern, developed economy, a place which is attractive to foreign investment because our factories and workers produce goods and services that are competitive with the best available on the international market.

The aim of the ministry's international activities, directed by the new trade and international relations division, is thus twofold: first, to attract new investment to Ontario, especially in higher-value-added, high-tech sectors with the potential for exports and import replacement; and, second, to increase exports of Ontario's goods and services.

In the past Ontario did not need to do a great deal in these areas. We had plenty of foreign investment; we had the largest market in the world right next door. But as I have already said, the world is changing fast and, like business, the Ministry of Industry, Trade and Technology must also be looking forward. That forward orientation is why we set up the trade and international relations division which I described to you a moment ago, and it is why we appointed the ministry's strategic planning task force, which is an initiative of the trade and international relations branch to identify one-, three- and five-year aims and sector priorities to our international investment and trade activities.

We have also increased the ministry's commitment to investment attraction and technology exchange initiatives. On the investment attraction front, we set up a new industrial properties listing system. Perhaps I can give you a better idea of the range of MITT's trade and investment activities by talking about our achievements around the world.

The Asia/Pacific branch operates four Ontario offices in a region which is home to some of the fastest-growing economies in the world and which accounts for about \$3 billion of Ontario's exports. In the first quarter of the fiscal year 1991, the MITT Tokyo office helped to land sales of over \$12 million to Japan alone in products ranging from software and laser equipment to medical instruments and log houses.

Our Europe, Middle East and South Asia branch helped over 1,100 companies sell more than \$187-million worth of goods and services last year. On the investment side, the branch attracted \$206 million, resulting in the establishment of 50 firms and the creation of over 800 jobs in Ontario.

The Americas branch focuses not only on the United States but also on Latin America and the Caribbean. Requests for information through Americas branch offices have shown a marked increase over the past year. In the first quarter of this year alone the branch helped with seven mergers and acquisitions, two joint venture licensing agreements

and seven strategic alliances, resulting in investments worth \$8.5 million to Ontario.

To give one example, our Atlanta office helped Corvita Corp of Miami decide to open a high-tech facility in Toronto to produce artificial blood veins. The project will create 15 higher-value-added jobs. On the trade side, the Americas offices helped generate sales worth more than \$1.5 million in the first three months of the year. With the recession ending, the branch expects to surpass last year's sales figures of \$476 million.

I think you will agree that these are excellent results, especially at a time of economic downturn, and we congratulate the staff and the branches and the overseas offices for doing a job very well.

In addition to the marketing efforts of our overseas offices, there is a range of complementary activities that can facilitate the success of our international business dealings. These include contact with foreign governments, visits by politicians and senior officials, cultural and educational activities and participation in international activities, environment, labour, health and other fields.

For example, MITT helps Ontario firms in foreign markets by entering into bilateral international agreements with foreign governments. We recently signed an agreement with the Russian federation. The agreement established a framework for identifying priority projects in Russia which will receive financial guarantees from the Russian government and which will be financed through the Export Development Corp line of credit.

Bilateral agreements with the Four Motors of Europe have been reaffirmed by the new government. Four Motors comprises some of the most technologically advanced jurisdictions in Europe: Baden-Württemberg in Germany, Rhône-Alpes in France, Catalonia in Spain and Lombardy in Italy. The objectives of the Four Motors' initiatives include strengthening Ontario's commercial ties with Europe, helping Ontario firms gain a foothold in the single European market that will exist after 1992, and providing access to European markets and expertise at the regional level. These are important objectives, given the growth of regionalism in Europe and the possibility of access becoming more difficult after 1992.

MITT also helps Ontario business people meet potential customers and exhibits their products overseas. The investment and trade support branch co-ordinated the participation of Ontario's businesses in nearly 100 trade shows and other international marketing initiatives last year. We also introduced Ontario firms to potential partners. In recognition of the growing importance of joint ventures, mergers, acquisitions and licensing arrangements in international trade and investment, a special strategic alliance section has been established. Since opening for business in March 1990, the section has brought to fruition nearly 40 investment opportunities, resulting in \$15 million in investment and some 300 new jobs.

The investment and trade support branch also works with business immigrants who have reached the stage of investing and opening operations in Ontario. Investments totalled \$29 million last year; 827 jobs were created or maintained.



Finally, I want to mention the Ontario International Corp, whose mandate is to help Ontario professional service firms and suppliers of capital equipment to bid on and win international contracts. This is an important area for Ontario. About 15% of billings for Ontario engineering firms are from outside North America. The kind of services and goods on which OIC focuses are precisely the kind of high-value-added activities that the government believes are the key to future prosperity. By helping market the engineering and other professional services such as architecture, management consulting and other specialty services, OIC not only helps increase service exports directly, it can also have an impact on capital goods manufacturing through associated equipment sales.

1610

I said earlier that we believe in co-operation, that business has a voice at MITT. At OIC, staff work closely with more than 900 companies that have registered their capabilities with the corporation. In spite of the recession, OIC clients last year signed 29 overseas contracts, worth \$57 million, and 1991-92 looks to be an excellent year for OIC. Already, clients have signed contracts which have a value of \$100 million in Ontario expenditures. For the future, Ontario International is shifting towards the pursuit of large capital projects rather than the smaller consulting projects of the past. To this end, OIC is putting more emphasis on creating strategic alliances and partnerships.

Those are some of the highlights of the trade area. Now let me turn to industry and technology. MITT's approach to industrial and technological policy reflects the philosophy set out by the government in the provincial budget. Our goal is to facilitate structural change to "actively promote the development of high-value-added, high-wage jobs through strategic partnerships." Over the past year, however, as well as preparing for the future, we have also had more immediate concerns—helping Ontario firms weather the recession.

The manufacturing recovery program, first announced in last April's budget, helps medium-sized and smaller firms both recover from the recession and prepare for the new competitive environment that they will face over the longer term. With funding of close to \$60 million, the MRP will provide advice, expertise, staffing and financial assistance to about 200 companies over the next three years. The program has three components: recovery plan assistance, a management and marketing personnel program, and an adjustment plan to help firms prepare for the long-term future. In operation since May, 64 companies have been approved and 102 applications are currently under review.

One of the important new directions which I am supporting at MITT is the forging of links with other than the traditional clients—with small business, with entrepreneurs, with ethnic businesses and businesses operated by women. It may surprise some of you to learn that about a quarter of all new businesses in Ontario are started by women. For the most part, however, at least in the past, these business have tended to remain small. For this reason, MITT's small business offices worked together with the Federal Business Development Bank to set up a program

called Step Up which helps women entrepreneurs expand their operations.

Other new programs include the border community assistance fund to help communities adversely affected by cross-border shopping, and an enriched Partners program for networking with other organizations interested in entrepreneurship and co-sponsoring services. One example is our flagship book, *Starting Up a Small Business in Ontario*, which we co-publish with IBM Canada. For business people who are new immigrants, the ministry, together with ethnic associations, has recently created a series of audio tapes in seven languages outlining our business assistance services. This is an example of the kind of links with non-traditional business clients that I spoke about earlier.

The youth venture start-up capital program helped 966 summer students and almost 700 year-round youth-owned businesses last year, while Visions, an optional entrepreneurship educational program for grades 7 and 8 is increasingly being adopted by major school boards across the province.

Integral to many of MITT's industry and technology activities is the idea of talking to and helping business directly rather than from Queen's Park. Our small business branch now has 26 locally based self-help offices up and running across the province. Operated jointly with municipal governments, the offices help people interested in starting a new business. More than 200,000 potential or small business owners attended seminars, used the toll-free hotline and bought Small Business Ontario publications through the year. Last year we directly helped almost 10,000 new and established business owners.

We also provide services to existing firms. Throughout Ontario, ministry consultants at our regional offices advise and help business people. For example, last year the central east branch undertook over 2,700 consultations, influencing \$19 million in investment and 540 jobs.

Here in Toronto another unit of the industry and technology division and the domestic industry support branch completed studies on the competitive challenge facing our furniture and electronics industries, sponsored technology transfer seminars, and helped set up a network database linking hospital procurement offices with Ontario suppliers. Another program linking Ontario buyers and suppliers, the sourcing centre hotline, received over 4,000 calls last year.

I am informed that there are only four minutes left, so I guess I can use the rest of the speech on some other occasion, and maybe Mr Carr will be with me at that time as well.

I would like to talk about the future, then, briefly. I hope from everything I said, you can see that the Ministry of Industry, Trade and Technology is future oriented. I have told you something of the activities and plans of each of our major areas of activities. I have mentioned the ministry's strategic planning task force, which is looking at the aims and sector priorities.

Ultimately, all of our activities and plans must be shaped and guided by an overall vision, a strategy for the future. That is why the ministry's policy and development division, in consultation with other ministries and interested groups, is developing a framework for economic renewal which will guide all of the Ontario government's economic

development activities, not just those of the Ministry of Industry, Trade and Technology. The framework is being developed among many of the themes that I have stressed this afternoon, themes that are already evident in MITT: shift toward higher-value-added activities both within firms and across the economy; more attention to research and development innovation; advanced skills; firms with a strong presence here in Ontario; a more direct and activist approach to economic development policy.

Our vision of Ontario is of rising living standards, but equally important is the protection of our environment, our quality of life, high levels of employment and an economic and social future that we can, ourselves, shape.

In conclusion, another element of our vision for the future is the concept of bridge-building. By that I mean co-operation and meaningful dialogue between business, labour and government. I have outlined to you, and indeed in many speeches around the province, some of the elements that I believe are necessary to build that. I have outlined some of the processes to business groups, and indeed to labour, that happened to attend some of my speeches.

I want to tell you that I am anxious to work with all members of the House, to go into your ridings to meet with your business people, to work with each and every one of you to create a stronger economy in Ontario and in your particular region. I look forward to receiving your advice in this first set of estimates that I have ever had the pleasure of sitting in this chair to deliver, and not, as I usually have been, sitting in Mr Jackson's chair. Thank you.

1620

**The Chair:** Thank you, Minister. I would like to recognize Mr Kwinter.

**Mr Kwinter:** How much time do I have?

**The Chair:** Thirty minutes.

**Mr Kwinter:** Thirty minutes?

**The Chair:** Up to 30 minutes.

**Mr Kwinter:** There is so much to talk about and so little time.

**The Chair:** Well, there are about 15 more pages here if you would like to read them.

**Mr Kwinter:** Mr Chairman, I would like to start off by congratulating the minister again—I did it in the House yesterday—on his assumption of a portfolio that I certainly enjoyed, and I wish him well. I genuinely wish him well. I want to say to those members of MITT who are here, I served in three different portfolios, and I can say, without in any way slighting other bureaucrats and other ministries, that the three years I spent at MITT were the most fruitful, the most enjoyable and the most fulfilling that I had. It was because of the people who were there. There is no question that they are a professional staff. They have the interest of this province at heart, and I want to publicly acknowledge that.

There are some concerns that I have, serious concerns for this province and, by reflection, for this country. I just want to relate to you some of the things that have happened in the year since the government changed. I am going to be as non-partisan and as objective as I can.

Almost immediately after the government assumed power, an ad appeared in the Wall Street Journal that said, "If you are thinking of investing in Ontario, think again." I thought the ad was irresponsible. I thought the people who put it in made a dreadful mistake, but notwithstanding that, over a million decision-makers in the United States—this ad appeared in the eastern seaboard edition of the Wall Street Journal—had an opportunity to see a message that said, "If you are thinking of investing in Ontario, think again."

Some time after that an editorial appeared, and those of you who have had any experience in public relations will know that editorial material is far more effective than paid advertising. When you have a paid ad, someone has paid for it; they have a point of view they are trying to put across. When you have an editorial, you still may have a point of view that the particular publication is trying to put across, but it has a lot more power and a lot more validity because people tend to believe what they read in publications.

The headline in Barron's, which is the official organ of Dow Jones, again read by over a million decision-makers in the United States, said, "Ugly socialist hydra rears its head in Ontario" and goes on to talk about all of the terrible things that they perceive to be happening to the business climate in Ontario. Again, this by a publication that is read by key decision-makers in the United States.

So you have a climate in our largest markets—I am sure the minister knows that about 90% of all our trade is with the United States. That is our greatest concentration, I am sure you know. We have offices in Boston, New York, Chicago, Atlanta, Dallas and Los Angeles, and those people are out there trying to sell Ontario as a jurisdiction in which to invest. You have a climate created by those publications. You have adverse articles in the New York Times, again, critical of the government, critical of the climate that has been set up to invest in Ontario.

Put that aside. I am our caucus whip on the standing committee on finance and economic affairs. We have just spent a month travelling around Ontario listening to people make representations on the budget. Almost to a man, the labour representatives that have come forward—and I have now found out that the government retained a public relations firm to counsel them and to give them the material they could present at our committee—but to a man, these people came forward and bashed business. They bashed multinationals. They bashed corporate welfare bums. They bashed business, saying that what we have to do is turn all of these enterprises over to the workers because that is the only way we are going to get any kind of protection.

Yesterday, the minister will know, I stood in the House and I showed him a fund-raising letter that was sent out by the secretary of his party. In it, it says, "One year later, big business is out to get us." When you read the article, it claims that big business is thwarting the efforts of this government to do the things that it thinks are important, and that the only way that we can stop them is to provide funding so that we in fact can go out and counter what big business is doing.

I say that to you because we are in a situation that is very competitive. There is no one who has to come to Ontario. The minister should know or will want to know



that in most cases when we are trying to attract investment we are in a competitive situation. My concern is this:

Almost a year ago today, or maybe a little earlier, we were negotiating with the Ford Motor Co to establish a facility at Oakville. We got part of it. I do not even know whether we got the rest of it. Did we get the van plant?

**Hon Mr Philip:** The big plant is going in.

**Mr Kwinter:** The big plant is in. I know that. I do not know whether we got the van plant. But the point I am trying to make is this—

**Hon Mr Philip:** It is \$500 million.

**Mr Kwinter:** Fine. You do not have to tell me. I was the one who negotiated that. Let me tell you what happened. When we were negotiating, we were competing with St Louis, Missouri, and the problem you have is that the decision is not made in Ontario and it is not made in St Louis. It is made in Michigan.

My concern is not just the Ford Motor Co. It is every single company that is coming to invest. They have an alternative where they have different divisions bidding for the same product mandate. Suddenly someone says at the board table: "Take a look at this stuff. Look at what Barron's is saying. These are Ontarians advertising in the Wall Street Journal. This is the government's own party. Look what they are saying." Why in the world would you possibly put one nickel into that jurisdiction? Why would you do it?

That is my concern that it is going to have a very serious impact on our ability to maintain the kind of industrial-commercial activity that we have come to enjoy. I can tell you, when you take a look at some of these coalitions that are taking place—and I have not even talked about the labour legislation. You want to talk about people going apoplectic, all you have to do is talk to people in the major industries once they have had a chance to see that labour legislation. Why would they ever come to Ontario?

Instead of trying to make it a conducive place to do business, an attractive place to do business, a place where they can come and thrive and prosper and create jobs and create economic activity, we are sending out a signal that says: "We don't want you. If you come here, you are going to be at a disadvantage because we are going to tilt the scale against you." In fact, we are saying, "Don't bother, because you're big business and we don't want you." You may say, "Well, that isn't the signal that is being sent out." I can tell you that is the perception.

One of the strangest things that has happened to me since my change in status as of September 6 is that I have not lost any of my client group. I have a steady stream of people calling me up and saying, "Can I come and see you?" They are saying, "My God, what are we going to do with these guys?" And they keep listing all their concerns.

The minister may have the best of intentions, he may be the most honourable man going and the most dedicated proponent of co-operating with business, but when he gets to that table he is only one voice out of 30, and my concern is that those other 29 voices are going to drown him out. That is the problem I have. That is the concern I have with the atmosphere that is being created.

Having said that, I want to talk about a couple of specific things that he mentioned. Number one is de Havilland. Again, I was very involved in the de Havilland situation. I had the opportunity of visiting Seattle, meeting with the president of de Havilland. It is a very simple situation. Boeing does not need anyone to show them how to build aeroplanes. Boeing is the most successful aircraft company in the world. Boeing does not need any money. When I was with them—and I do not know what their situation is now, but it is probably no different—they had \$4 billion cash in the bank.

The Dash-8 does not have a problem, other than one I am going to talk about, in that it is probably the most successful short takeoff and landing aircraft in the market. Their order book is two years in duration. They had orders that took them into two years, which was a problem because some of their competitors, like Embrier, Fokker and some of the others, were delivering in shorter time frames.

De Havilland is building five aircraft a month and it would like to have built six. The problem is that for every aeroplane they build they lose money. They did a cost analysis and found that if they built six a month, they would lose more than \$1 million, so the more aeroplanes they build, the more money they lose. To counter that, if they built that aeroplane in Seattle, they could build three a month and make money.

I am going to tell you something that I have not told anyone before, but when I came back—and I said to them: "How could that be? We've got good workers up at de Havilland. They're right in my riding. They're super people." "Of course they're super people, but they won't allow us to make those aeroplanes efficiently. They will not allow us to put in productivity measures. Unless we can do that, we're pulling out." They told me that nearly two years ago.

1630

I came back and I met with Bob White confidentially, privately, and said: "Bob, let me tell you what's happening. I just came back from Boeing. They tell me they're going to bail out of de Havilland because they cannot make any money." He said to me, "They're just putting you on. You know how much money they've got? Do you know how many orders they've got? They're just trying to get something from you." I said, "They didn't ask me for anything, so I only have to take them at their word." He said, "They're just handing you a line; don't believe it."

What have we got now? We have Boeing obviously making the decision that they are not going to continue any longer. They made more money building one 747 than they did building as many Dash-8s as they do in a year. So they have decided they want out. They have poured a pile of money into that operation; the federal government has poured a pile of money into that operation. Why would anyone come along and buy it?

Obviously the consortium from Europe—and I met with them at great length and often—said: "Yes, we can see we have a role in that company, but only if we do certain things. We've got to cut the labour force. We have to outsource whatever we can. It's absurd that de Havilland is building seats for aeroplanes when they're 20 guys out there who will bid on them and supply them cheaper. Some of



them may not be union workers, but they'll be workers." They are saying, "Here is what we are prepared to do and that's why we're going to buy it."

You have a situation where they have gone to Investment Canada. Investment Canada has said, "We want you to have a Canadian partner." Lo and behold, we have the Ontario government emerging as the white champion. For whatever reason, I have no idea. There is nobody there, with all due respect to my former colleagues at the Ministry of Industry, Trade and Technology, who knows how to run an aircraft business, I can tell you that, and I do not think I am insulting anybody by saying that. Money is not the problem.

What is the role? The role as stated by the Premier and the minister is to save jobs. I say to you with respect, the problem is not to save jobs; the problem is to save the company. Just saving the jobs is not going to do anything for you, because the company is not going to be around and the whole thing is going to go down. You become very selective in the jobs you save. You want to save some jobs at de Havilland, but you just write off the jobs in Barrie at General Tire. The Premier says: "Oh, what if we send 1,200 people to Saskatchewan for Crown Life? They're not union jobs, they're not manufacturing jobs. Who cares?" So you become very selective in the jobs you are trying to save.

I am suggesting to you that the only role the province has—I do not see it as having a role at all, but if it is going to have a role, the only role the consortium sees is that Investment Canada has stated it wants a Canadian investor. So they are saying, fine, they have made a deal with the province to put some money in it. I can tell you, unless the company changes, that money will be down the tubes in the same way that the money from the federal government was down the tubes, the same way that Boeing's money went down the tubes. There is no possible reason that the addition of the Ontario government into the equation is going to make it a great company, because all it can bring to the equation is the government clout to make sure they do not get rid of those jobs, and to bring in some money. If money was the problem, I would agree. If someone said, "I've got this fabulous idea. We can do all these things but we need money," that is fine, but money is not the problem.

Let's talk a minute about Algoma. Algoma is exactly the same thing. If there is anybody in this country that can make steel, it is Dofasco. They are an efficient operation. They are a good operation. They thought they could have a fit with Algoma and they bought it. They have now come to the resolution that it made no sense and they have written it off completely.

There is nobody in the bureaucracy who knows how to run a steel company. Again, I am not insulting them. So what possible role does the government have in investing in a steel company, other than saying, "We want to save some jobs"? Well, jobs are not the problem. The problem is saving the company. It is counterproductive to save the jobs, because if you save the jobs, you doom the company. The more jobs they have, the less productive and efficient they are and the less competitive they are.

We have a situation where the government has become very selective. It decided: "We cannot afford Consumers'

Gas. Let it go to British Gas. We have to let Varity go. We have to do other things but, for some reason or other, let's go to Algoma and try to keep it afloat, for whatever reason. Let's try to keep de Havilland going, for whatever reason." There are valid reasons for keeping those companies going, but the direction that is being taken is not going to do it. I predict it. You may keep them going for two or three years, but I am prepared to put my name on the line and say that those companies are going to go. I defy you and anyone who takes an objective analysis that unless you restructure them—and that means there is no role for the government if you are going to restructure them. The only role our government has is to keep them from being restructured, to make them stay the way they are, which means they are inefficient, non-productive and non-competitive. That is a problem.

Let's take a look at Kapuskasing, exactly the same problem. You have two partners, Kimberly-Clark and the New York Times, both of them knowledgeable in that industry, both of them with no shortage of money. They have decided it makes no sense to keep those plants going, so they have said, "I'll tell you what, give us some money for the power plant and we'll give you the plant." Hard-nosed businessmen are never going to give you anything if they think there is an economic value. They are giving you the plant because it has no value. It is a liability. "Please, take it off my hands. There may be environmental problems that I don't want to have to deal with. There may be a whole host of things. Take it, it's yours. Just bail me out of the power plant and give me the money, and that's it." So the government comes along and says, "We're going to get the workers to buy it out." Who in their right mind would imagine that the workers can do something that the professional managers cannot do?

I am not trying to speak against worker buyouts. Sometimes it works. I will give you an example. It is not a real example, but a hypothetical example. You may have a Black and Decker in Brockville. They are making a product they are good at, they have the technology and they have the skills. For whatever reason, head office decides, "We're getting out of that market," so they close it down. There is no valid reason. The company was good. They have just decided they do not want to be in that market any more.

There is a role for government to participate, to allow the workers to buy it out so they can keep it going, maybe not with that product, but with similar technology and similar application of skills. They can go out and carve a niche. No problem with that at all. But when you have Abitibi-Price and some of the other major pulp and paper companies really hurting and shutting down plants, you have a turkey—and I say that with all due respect—up in Kapuskasing, an operation that is no longer efficient, no longer competitive. You are going to prop it up by pouring money into it and sucking the workers in saying, "You get in there and we can make this thing work." It makes no sense, because money is not the problem and workers are not the problem. It is marketing, it is technology and it is a competitive world out there. Why this is happening, I have no idea.

**Mr Perruzza:** You mean a little worker—

**The Chair:** I am delighted you are here, Mr Peruzza, but you will speak in order.

**Mr Perruzza:** Thank you for recognizing me.

1640

**Mr Kwinter:** I can be a passenger on an aeroplane; that does not mean I can fly it. Just because you are a worker in a plant does not mean you can run it. What I am saying to you is that there is more to it than just turning out the product. If it were just a matter of turning out the product, things would be very simple. There is hardly a day goes by that large, sophisticated companies do not go bust.

You have to ask yourself why they are going broke. There are many reasons. One is that there is competition from somewhere else; it has cheap labour; it has a quicker growing cycle on trees. There is a whole range of reasons why you are no longer competitive, even with your best efforts, even with everybody doing whatever they are doing. Everybody looks at Mexico. You have to look at Mexico. Look at Thailand, Taiwan, Singapore, Hong Kong; look at Russia; look at Poland; look at Brazil. Go to India—lots of people, low wages and smart, let me tell you, smart. Do not be deluded that these people are sitting on their haunches making sandals and weaving carpets.

If you speak to the president of General Motors, George Peapples, he will tell you they have four engine plants in North America. They have one in St Catharines, two in the United States and one in Monterrey, Mexico. Their plant in Monterrey, Mexico is the most efficient plant they have as far as productivity and cost go. That is a very serious issue.

I want to talk about that just for a minute. I had the honour of chairing a session of the world economic forum in Davos, Switzerland last January on the North American free trade agreement. On the panel with me was the chief of staff of the President of Mexico, Mr Cordoba, and the undersecretary of commerce of the United States, Mr McCormick. The reason I was there was quite bizarre in that I normally would not be on a panel with these people, but because of the Gulf war, the federal deputy had been grounded and they were told they could not go to Davos because of the war threat. I was there, and they said, "Would you fill in, because we know of your involvement in the free trade discussions?"

If you know anything about the automotive business in Ontario and in Canada, the bulk of it is here, about 90%

**Mr Perruzza:** You mean you participated in the free trade agreement?

**The Chair:** Mr Perruzza, please.

**Hon Mr Philip:** I am listening.

**Mr Kwinter:** Okay. At the present time, about a million cars a year are produced in Canada, most of them in Ontario. With the exception of a plant in Nova Scotia and in Beaumont, Quebec, most of the cars are produced here. Of those cars, 80% of them are shipped to the United States. In Mexico at the present time it is about the same number, but at that conference the chief of staff of the President of Mexico stated that their intended plan was to build 4.5 million cars by the year 2000. I had to do a doubletake to understand what he had said. I could not

believe that he was going to increase their production four and a half times. When you consider there are only 9 million cars a year built in the United States, that is a huge number. That market is going to have to come from somewhere.

I thought this was just rhetoric. When I came back to Toronto, I spoke to Frank Stronach, who is currently putting a Volkswagen bumper plant into Monterrey, Mexico. I said to him, "Would you believe they claim that by the year 2000 they are going to build 4.5 million cars in Mexico?" He said, "They're wrong; I think they will do it by 1997." That is a fact of life. That is going to happen, which leads me—how much time do I have?

**The Chair:** You have six minutes.

**Hon Mr Philip:** Give him an extra four minutes. I have an extra four minutes.

**Mr Kwinter:** Which leads me to another area where I have some great concerns. The government has stated that it is unequivocally opposed to a North American free trade agreement. They are opposed to anything to do with Mexico.

What they are going to do about it, I do not know; probably as much as they did about the free trade agreement. They are saying they are opposed to it and for the life of me, I cannot understand their rationale.

We have a situation now where, because of the economy, because of the political climate in Ontario, we are at a very serious disadvantage. We are trying to attract investment from around the world, and we already have free trade, whether we like it or not. You know that we opposed the free trade agreement, but it is a fait accompli, it is a fact. We have a free trade agreement between Canada and the United States. There is a good chance there will be a free trade agreement between the United States and Mexico. If that were to happen and Canada was not a participant, why would anybody want to invest in Canada when all he would have to do is invest in the United States and he would have access to both agreements? We have the United States acting as a hub and it will continue to make its next arrangement with Central America, Brazil and wherever.

What we have to do is make sure we do not say that we are not going to be a part of it, but to make sure that we are a part of it, and also make sure that the present agreement is not diluted as a result of the negotiations. But for this government to state that it is opposed to the North American free trade agreement is the height of folly. It is like committing suicide because if you go to talk to the Japanese and say, "Please, sir, come and put your facility in my jurisdiction," they will say: "What for? Why would I possibly come to Canada when, if I go to the United States, I have the benefit of dealing with you and dealing with the Mexicans?"

You have to understand that Mexico has in excess of 80 million people. A lot of them have no economic power, but a lot of them do, and with this free trade agreement, more and more of them are going to get that economic power, so there is a huge internal market which will be of benefit to Canadians.

The other problem no one seems to understand: We had exactly the same argument with the free trade agreement. I think one of the problems with free trade—and I am not opposed to free trade; I want you to know that. I am



opposed to this deal that we have, I thought it was a lousy deal, we gave away the store—the problem we had is that the Prime Minister oversold it. The impression was that here was this incredible market of 270 million people and with free trade we would have access to it. What people did not understand is that we already had access to it: 80% of all trade in goods and services between Canada and the United States was duty free before the free trade agreement. The major concern was not that we would get access; the concern was that we would not get access, that the protectionists in the United States would clamp down; that was the problem.

We have exactly the same thing in Mexico; 80% of the trade between Canada and Mexico is duty free. There is no prohibition of anybody in Canada going to Mexico and setting up an operation. There are Canadian companies that did it. Flett Industries in London moved their operation out of London and took it down to Mexico. Anybody who wants to do that can do it now, and the free trade agreement is not going to enhance it. All it is going to do is, over a period of time, whatever is negotiated—the US-Canada free trade agreement had 10 years to eliminate tariffs, and whatever they decide to do with the Mexico-Canada, if it is a Canada-US agreement, it will be the same.

We have to be in a position where, instead of putting up barriers, instead of putting up reasons for people not to invest here, we have to create situations that will encourage people to invest here, because quite frankly, without that investment we are not going to be able to sustain or expand our economy. For every dollar that Ontarians have in our pockets, 30 cents is there because of trade. An American has only got 10 cents of every dollar because of trade. We are one of the most trade-dependent jurisdictions in the world. We depend on foreign investment to provide a lot of the value-added that we enjoy.

1650

I am terribly sympathetic to those nationalists who feel there are certain things that must remain in Canadian hands, but you cannot have it both ways. You cannot condemn foreigners for coming in here and providing the jobs you want, for providing the technology, and then decry the fact that you do not have any jobs, that people are moving out and that plants are closing down. The message I have been trying to convey to the minister is that the world economy is quite fragile. It is a difficult time. I keep hearing remarks about the made-in-Canada recession. I can tell you it is not a made-in-Canada recession. It is a recession that is being felt by not all, but most of the industrialized countries in the world and there is going to be a shaking out.

The European Community is getting its act together. The Pacific Rim is getting its act together. Without question, countries like Mexico and Brazil are sleeping giants—that is the expression—sleeping giants who are starting to flex. Unless we create an environment that is going to allow us to compete, to attract the kind of investment that will give us the value-added, which means we have got to forget about the low-end jobs—if a company like Flett, that is wiring harnesses, needs women sitting there doing finger work and they want to get \$12 an hour and they can do it for \$2 an hour in Mexico, you have to let it go. It has got

to go because you cannot compete. But that does not mean you go home, pull the blanket over your head and say, "That's it, we're finished." What you have to do is direct your energies and your resources to creating the ability to provide these value-added jobs, these high-tech jobs, that will sustain the kind of standard of living that Ontarians have had and want their children to have.

It is a sad commentary. In my generation—and I do not know whether you saw the poll—if you asked my parents, did they think I was going to have a better life than they did, virtually every person said, "Absolutely." You ask the generation today if they think their children are going to have a better life than they did and they are not so sure. Many of them are convinced they are not. That means we have to do something about it, which means there has got to be some realization by the government that you just cannot keep bashing business, you cannot keep setting up barriers to make investment unfavourable, you cannot keep bringing in regulations that will force people to go somewhere else and that, unless you do something about it, you are going to have some problems.

I want to close by putting out a challenge. When I was the minister, I had someone come in from one of the states that opened up an office here, and there are three or four of them that have. He handed me a brochure and that brochure had a list of chief executive officers of major companies in the state—whether it was Kentucky or Tennessee, I cannot remember—saying, "Come to Kentucky," or "Come to Tennessee, because—" and they listed all of the fabulous attributes of that particular state. The challenge I have for you is that I would like to see you get a booklet out from chief executive officers in Ontario saying the same thing. If you do it, boy, I take off my hat to you.

**The Chair:** Thank you, Mr Kwinter. It is interesting you referenced your parents. I guess we can add optimism to one of those things that occurred with 40 years of Conservative rule in this province. I appreciate that. It will allow us to slide right into Mr Carr, with that comment.

**Mr Carr:** Fine Conservative that I am, I want to thank the minister for coming as well.

**Hon Mr Philip:** Behave yourself. I know your mother very well.

**Mr Carr:** Yes, I was going to say I grew up in the minister's riding. As a matter of fact, this morning when they said that he was first elected in 1975, I racked my brain and I was thinking I was in high school during that period of time. My mother still lives in that riding, so we know Mr Philip very well. Those signs went up in 1975 and they keep—

**Hon Mr Philip:** She is such a wonderful woman. I do not know where she went wrong.

**The Chair:** I think the good news is that you were removed from the classroom before Mr Carr got there.

**Mr Carr:** Thank you very much. I want to congratulate the minister on getting such an important portfolio, because it is. All the programs that the New Democrats care so passionately about really do not depend, as many of us realize, on the compassion of government. They depend on the healthy and prosperous economy that is needed to

support them. The minister is almost like the salesperson at a company. The jobs all depend on generating the revenue that is needed to employ the people, so he has a very, very difficult task and we look forward to working with him.

We had a good breakfast this morning, where we met some of the people in the Oakville business community. He will know that Mr Harrigan was there, the chief executive officer at the Ford Motor Co, and some of the comments he had were interesting, notwithstanding some of the talk about consultation with this government.

The fact of the matter is that in the last budget that put the tax on his cars, as he said, the ones that they put the so-called gas guzzler tax on were the Grand Marquis and the Cougar, which were his two most profitable lines. The St Thomas plant was operating all three shifts. The Cougar engine plant was doing very well. It was the most profitable and they were generating a tremendous volume. Then what happened was, all of a sudden, a tax was thrown on it. As he says, they were not consulted at all about it. Hopefully what will happen is that the minister will be able to go to the cabinet table after his deliberations with the business people and ensure these things do not happen.

Some of the difficulties are still there. As the minister will know, Mr Harrigan talked today about the blockade by the truckers. As a result, the parts going back and forth were not able to get between the plants in the US, and we saw layoffs as a direct result of something that had absolutely nothing to do with the auto industry; we have layoffs because of the spinoff effect.

So, minister, you have a very difficult task. But in the consultation process that has been going on over the last little while, notwithstanding the fine staff who are involved in the ministry, really all you need to do is listen to the various groups out there and what they have been saying over the last little while. Since assuming my new responsibilities as critic for Industry, Trade and Technology, I have spent some time going around and meeting the business community, including labour leaders and almost anybody else who is prepared to see me. I was reflecting on some of the things that have been said by people like the Canadian Federation of Independent Business, which, in its brief last year, said that when it looked at the major problems facing this province, taxation and regulations were the two biggest factors. They point out in one of their briefs, unfortunately a study showing that the tax structures in Ontario and Quebec are the most unfair to small businesses. So we do not need to look too far for some of the solutions that are out there.

Another company in my riding, Procor, makes railway cars. Some of the things they said were interesting, and I will quote, "Ontario provincial taxation policies...have made Ontario a relatively undesirable place to continue our business, as compared to the USA, Alberta or Quebec." To my good friend Mr Kwinter, who was responsible during that period of time, this is dated September 24 of last year—I was barely elected at that time—the problems that we were seeing were the result of a few years of high taxation policies.

They go on to say, "Given that...Ontario income tax is one of the most non-competitive in Canada and that Ontario tax is applied on the largest portion of Procor income

because of the location of so many of our employees here associated with the manufacturing plant, Procor is under extreme pressure from competition outside Ontario."

They say it is not just the US, that some of the tax structures—and I will circulate this to the minister—they also talk about some of the federal problems they see. They list the federal ones too and then they relate provincial policies which discourage locating business in Ontario as a manufacturer. A lot of the things we are talking about are not new; they have been said for a long, long time. What we need now—and I do not say this particularly to any individual, any minister—is leadership on implementing some of these proposals.

1700

It was interesting that we talked about some of the companies that are expanding. The minister laid out some statistics. I was leafing through the Globe and Mail Report on Business where a study shows that about 37% of Ontario's largest companies are not planning capital investment in this province over the next five years. They list the top five reasons: the wage protection policies, the provincial government's deficit, the levels of Canadian and Ontario productivity, Ontario's planned employment equity legislation and corporate income tax.

Here we are going around saying we want international investment and we have got our own companies saying in studies like this, "We don't want to invest here." I suspect the big challenge we have got is to get our own companies saying, "Yes, this is a pretty good place to invest." As a result, I think eventually we will have some of the investment coming from the international scene.

I had a chance last year to meet with the president of Tridon, which, as you know, actually bordered on the Chair's riding as well. They have a plant in my facility. We lost 500 jobs. Of course when it came out, all the politicians, both federal and provincial, were blaming each other with free trade and so on. I sat down with the president and he said the final nail in the coffin to that particular plant was the employee health payroll tax. Again to Mr Kwinter, I am sure he was fighting hard when that discussion was going around the cabinet table, but the fact of the matter is, that was the final blow that cost 500 jobs.

Cam Jackson, the member for Burlington South, and I met with the union and the president. The relations were good. The union said: "We could, if we had any productivity improvements—we worked well with the company. They listened to us." The company said: "We had fine employees. They were unionized under the Canadian Auto Workers. We worked very well together, but the fact of the matter is the biggest impediment was the government itself."

As we sit back and talk about labour-management co-operation, and all governments try to facilitate that, what we need to look at is governments themselves and how their policies affect the jobs. When I said to Mr Davidson, "Why don't you come out and say that is the reason you left, because of the payroll tax? You have a duty and a responsibility to help some of the other businesses that are staying here," he looked me in the eye and said: "I would be prepared to do that. We're still going to sell back into this market, and for good corporate relations we don't like



to attack governments, but we would be prepared to do that if you can sit here across from me today and say that you honestly believe it would do any good with this government."

I could not tell him that. I thought it was a sad state that we would have a president of a company that was leaving who felt that stating the reasons and outlining them to the government of the day would not do any good.

I was pulling out some newspaper clippings about some of the people moving to Buffalo. If you read through it, there is a lot of criticism of the federal government as well as some of the provincial initiatives. Really what they are saying, if anybody read it—and I think the minister probably did; if he did not, he will get a chance to see it—again, is that one of the biggest reasons is the tax situation in this province versus the United States, in particular New York state.

All the answers we have got—we do not need to deal with a lot of the officials in the ministry; some of them have been hearing this probably for years. As I sat back and reflected on some of the things we need to do, I pulled out some recommendations from the Ontario Chamber of Commerce. They have put together a brief that I think all members got. It is not a lot of rhetoric. There are policy positions that have gone back for three years—1989, 1990 and 1991.

When you look through it, you see that the Ontario Chamber of Commerce has been around since 1911, represents a true cross-section of the opinions of the provincial business community and has a membership in excess of 65,000 people. There are concrete recommendations and actions that, if implemented, would go a long way towards helping the economy and industry in this province. Before we try to reinvent the wheel on a lot of these programs and initiatives, I say very clearly that I am a big believer in listening to the people on the front lines, the people who are out there every day and see exactly what is happening.

I encourage the minister and some of the other officials to take a look at some of the recommendations there. They are concrete. They are action-oriented. They are not a lot of rhetoric. I think we would do well to listen to some of the information that has been generated by responsible people who truly care about what is happening in this province.

We do not need to look any further than some of the reports that have been commissioned. Our friends at Coopers and Lybrand put together a report on reshaping Canada, how to compete and what government needs to do to assist industry in this province and indeed this country. Again, they are fairly critical of the federal government in a lot of areas as well as some of the provincial initiatives, but on pages 5 and 6 they list some of the key elements they see—the cost structures, scales of production efficiency, labour skills—and what they see that needs to be done. I firmly believe the standard of living of the next generation, which we all care so much about, will be in direct proportion to the skill levels we give them today.

It is very easy to read and a fairly concise report. They go on to talk about the tax structure, cost and availability of funds, regulations and technology. I brought a couple of extra copies. The minister may have had a chance to read it, but I will pass that along to him as well. Again, they

make some recommendations in the back. So before we go ahead and start to spend a great deal of time consulting again, I encourage you to take a look at some of the information that has been generated. By the way, I think the accounting firm, if you need more for caucus members, will be prepared to send it out.

Other organizations as well: The Canadian Manufacturers' Association, in its pre-budget submission to the Honourable Floyd Laughren, Treasurer of Ontario, outlined very clearly what it would like to see done. Some of the recommendations in there are well worth looking at. They have an executive overview. I will quote from it:

"Ontario's relative competitiveness has declined over this period" of the 1980s. "This fact is based on Ontario's rapidly increasing tax burden; increasing government intervention in all areas of business affairs...."

"Ontario manufacturers challenge the government"—this is the provincial government—"to adopt the goal of making Ontario one of the most competitive and attractive investment destinations."

On page 2 of that, they outline the summary recommendations: deleting some of the Ontario current cost adjustment sunset clauses, some of the initiatives for co-operation, no introduction of new taxes or tax increases, harmonizing some of the federal and provincial consumption taxes and performing a competitive impact analysis on all legislation.

Again, some of the presentations that were made were laid out very clearly and were, as Floyd says, piled as high as he was during that period. Before we do a lot of consulting again in the next go-round with the new minister, there is a tremendous amount of information already out there. I suspect the ministry officials know that.

Today, after the minister left, I think one of the questions asked by the business community and some of the business leaders and workers who were there was—

**Hon Mr Philip:** I was there later than you were. What are you talking about?

**Mr Carr:** When I was there, one of the things they spoke to me about were the labour relations amendments. Some of the groups have said, in my consultation when I have gone around to people in the chambers, that this will be the single biggest event to drive business out of the province. They even say it is bigger than the deficits and what has gone on in the past. In fact, when the question was asked today, a couple of them came over afterwards and asked what was going to happen. I would encourage the minister, as one who is at the cabinet table and really has a voice, to take some of those concerns forward.

We will be interested, when we get into the question and answer, in some of the concerns out there about where some of the funding for the ministry goes. I do not think anybody could not be touched by some of the tragedies of people losing their jobs at Algoma and de Havilland. I think what a lot of people have concern about is that the money that is pumped in is being used wisely. The federal government under Trudeau, and correct me if I am wrong on this, initially put money into it and bought it. A corporation took it over. We have put upwards of \$700 million

into it, and what the taxpayers and the people of this province are asking is, what is the long-term viability of propping up some of these companies? Because as Mr Kwinter said, the big fear that a lot of people have is that the money going in will be like sand down a gopher hole, never ending, and that ultimately in the end the company will not survive.

1710

I encourage the minister to keep the lines of communications open. I know in negotiations it is very difficult. I had a chance to speak to Mr Gerard one night when he was here for some of the meetings that went on over the Algoma situation. I think it is very important that we open the lines of communications between all these groups. One of the things I had hoped would have happened under this government is that there would have been a lot better harmony between labour and management. As I said early in the mandate, if nothing else happens, if we can foster a better atmosphere between labour and management under this government, if they did nothing else, that would be a very worthwhile goal.

I am not going to attempt to blame either labour or business, but the fact of the matter is that one year later labour-management relations are more polarized than they have ever been in the history of this province. Again, whether the fault lies with the government or whether it falls on big business or whether it falls on labour, the fact of the matter is we are worse off now under this government than we were a year ago.

I want to share some of the concerns we have as we head forward. Hopefully, we will get a chance to discuss it a little bit further. The minister is going to have a very difficult job over the next period of time. At the end of the day, hopefully we will be able to say that we worked together, that our discussions were constructive and that we attempted to bridge the gap between all groups. Let's attempt to do that. Let's try to end this mindless finger-pointing that has gone on.

As I said to some of my friends on the committee, I have been on both sides of it. I worked with Inter-City Truck Lines as a teamster; I loaded the trucks there. I also worked in management. I have seen both sides of it. I was there when Alltrans Express, TNT, closed the door, and I can tell you the reason was because of the labour-management relationships. Again, I will not blame either side. I used to sit while discussions were going on between branch managers and union officials where literally the air was blue. We would always be wondering, when they came out and all of a sudden had to talk to a customer, why the company's customer relations went down the tube. Ultimately, of course, all the jobs were lost.

At the end of the day the co-operation that needs to be there has to be constructive, but I would encourage us to lay off a lot of the rhetoric as we go forward. Let's take some of the recommendations and implementations that are listed here and start carrying these things forward.

Leadership is about action, not rhetoric. I say to the minister, just in closing, even if you are on the right track, you are still going to get run over if you just sit there. I will be very constructive in my criticism of your actions, when

warranted, but I will look forward to working with all members in a constructive manner.

**The Chair:** As I indicated earlier, perhaps the minister would like to respond. Or if he wishes to call on any of his staff to respond directly to any questions or comments, they can proceed to the other microphone, if it is convenient, and identify themselves for purposes of Hansard. I now afford you the opportunity for your response comments.

**Hon Mr Philip:** Thank you, Mr Chairman, for this opportunity. I want to thank my two opposition critics for their remarks, which I enjoyed, some of which, particularly in the case of Mr Carr, I even agreed with. I used to often agree with Ted Arnott's criticisms of the government, and he and I as the Minister of Transportation got along quite well. So maybe there is a possibility for some kind of co-operation there as well.

Let me start with Mr Kwinter's comments. First of all, I find it unfortunate that he has depicted the presentations before the budget committee or the committee dealing with the budget as being anti-business. In fact, the members on the committee, and particularly my colleague who is one of my two parliamentary assistants, Mr Brad Ward, informs me that a majority of the presentations before that committee were supportive of the budget, be they presentations from business people or from trade unions; that the trade unions were not particularly critical of big business. To characterize them as such is quite insulting to those people who came forward with some constructive ideas which they did not consider to be anti-business.

It is true that a majority of people who came before that committee, much to the surprise perhaps of some of the opposition parties who, I understand, had staff calling around trying to encourage people to come before that committee, were in favour of the budget. Indeed, as I go around the province, and I have met with numerous business groups, a number of them have actually said that it was a good budget. I have met with people, for example, in the Indo-Canadian business community who said: "We have looked at the budget. We felt that it was courageous and indeed important that in this budget you fought the recession and in fact that the moneys, the extra moneys that you put in, helped create jobs but also helped to keep a number of businesses from going bankrupt."

A number of the people whom I have met around the province as transportation minister, particularly the municipalities, lauded the budget. They were able to get projects done at a time when there was a lot of competition for those projects. Those projects came in at substantial savings to the taxpayers. Many of them, in fact, averaged about 20% less than similar projects of the previous years, and they were able to create jobs in companies that would have otherwise lost their equipment and, indeed, may have lost their business had there not been an anti-recession program to build the valuable infrastructure that helps us to compete.

So I make no apologies for the budget. I support the budget and I think a number of people in the business community do support the budget, particularly those who come from countries where social democratic parties have shown some leadership instead of simply rolling over the



way that the Liberals would have done letting history or the marketplace take its course.

Mr Kwinter talks about the concerns, he says, of ads in the US papers, that somehow big business is so unsophisticated that they are going to believe an ad in the New York Times by a group of people whom even Conrad Black would find it uncomfortable to be with. Well, maybe Conrad would not, but most other business people whom I know would.

Indeed, when I met with a number of the bankers and a number of the international business community, they said: "You know, we don't care what the particular political party in power is called. We don't care if it's social democratic. We don't care if it's Labour. We don't care if it's NDP. What we care about is the policies, and if you think that we are scared by a bunch of front-page headlines and scare tactics by either people who buy ads or by people who write editorials in the Toronto Sun, then I think that people are just underestimating us. We are really fairly sophisticated, and we are prepared to invest in this province because we know that this is a good place to invest. It is a good place, for one thing, from an international point of view; it is easy to get executives to come to Toronto and other parts of Ontario. It is a good society to build a business in because we can attract the best executives, the best talent from all over the world. Ontario is a good place to live. It is cosmopolitan, it is cultural. It has a high standard of living compared to many other countries, higher environmental standards, and therefore it is a good place to live."

1720

Indeed, I sat with the chairman of the fourth largest company on the Hong Kong stock exchange and he said, "You know, all those headlines, they were interesting and I wanted to meet you; and after I've met with you and with members of the government, I realize that headlines don't really make for any substance, I just find that this seems to be a good place for me to invest the money in my company. I'm going back to Hong Kong and I'm going to tell them that and I'm certainly going to consider investing here."

I had a call, interestingly enough, and I returned the call just last night. I tried to reach the caller a couple of times, from Guelph, a person I have the highest respect for, somebody who acted as a mentor to me in a very non-partisan way when I got elected in 1975. The caller said: "I'm getting so tired of the negative naysayers in the Legislature and in the press about Ontario and about this government, and what you did seemed to be reasonable." He said, "Ed, if there's anything I can do to help you or to help you with the local business community, just give me a call." And that was a long-time member of the Legislature, Harry Worton.

Harry is one of the finest people I have ever met in politics. When I first got elected in 1975 Harry was a Liberal and he said: "Look, if you're young, you're going to see a whole bunch of prima donnas around here who are going to try a whole bunch of things and they're going to last about three years, four years. But," he said, "I'm going to teach you how to be here for 20 years." He said: "There's a great advantage to being here for 20 years. There's no outside shovelling and everything is pensionable and it's not really a bad job even though you put in a lot of hard hours. But you get a lot of satisfaction out of this."

Harry taught me how to get elected and re-elected and re-elected, so I have a lot of respect for him, because I owe my job to Harry, as well as to Fred Young and a couple of other people who taught me the ropes around here. But, you know, that is a non-partisan comment. That is a long-time Liberal member of the Legislature who said, "Give me a break." He can see through it, but also the international business community can see through it.

The vice-president of the Ontario Chamber of Commerce said to me: "Ed, look, I'll go with you to the States. I'll talk to any of the companies that are investing in Ontario. I'll tell them that this is a good place to invest." Sure, it is not perfect. There are a number of things that are wrong in this province and I want to tell you about some of them and they are not of our making, but they are certainly things that we are going to work on.

I can tell you that if it takes three years for a plastic company to work through the environmental process, they are not going to invest in Ontario, and that is wrong. But that is not my government that has done that. We are going to deal with that problem and the Minister of the Environment is going to deal with that problem. We are concerned about that problem and I want to talk at some length about that, because I know that Mr Carr is interested and he and I share a common interest in this regard.

Mr Kwinter talked about the Labour Relations Act. I guess I have to ask Mr Kwinter, if this is so bad, then why is it that his Liberal government in Quebec has similar types of legislation? Indeed, we do not have a final Labour Relations Act. What we have had is a position paper, a discussion paper that has changed.

**Mr Kwinter:** A cabinet document.

**Hon Mr Philip:** Well, I mean, you are sophisticated enough, you have been in the cabinet, to understand that there are documents and there are reworked documents and there are reworked documents—

**Mr O'Connor:** Many times over.

**Hon Mr Philip:** —many, many times over. I have been around here for a long time. I have received all kinds of Liberal cabinet documents and when the final product came out the legislation was not similar.

One of my favourite people in politics—because I used to sit here in your chair, Mr Chairman, and Roy McMurtry would sit here. Now Roy McMurtry had a back-brace, so he was not as comfortable as I am, but he would sit here for hours and hours of committee hearings. I always respected him because he always came in to the committee hearings and listened to what people had to say. If you looked at some of the things that Roy McMurtry did, he had one position paper after another and eventually he developed a consensus. I do not think that is wrong for a government to do, quite frankly. I think it is a good idea for a government to turn out a position paper, for a ministry to turn out a position paper, for other ministers to scream and jump up and down and say, "No, the people that I'm talking to want some changes," and to get some changes in.

If you look at the way in which Mr Mackenzie looked at what he was doing, he said, "Hey, there are a whole bunch of people out there who want to be directors of

corporations, who want to be directors of non-profit corporations as well, and maybe the original position that was brought forward with ideas by various people, maybe what they're saying is wrong, and maybe we can change." There is nothing wrong with that.

The same thing happened with auto insurance. We went and we looked at the auto insurance and we said: "Look, here is something in which there is a need for restructuring. There is a need to give some of the victims an opportunity which they are denied under Liberal legislation, and there is a need, also, for lowering the price." Through a set of negotiations and through a set of economic studies, we realized that at this point in time public auto insurance did not make sense for this province that happens to be the centre of insurance in Canada. It was a difficult decision, but at least it shows the flexibility of a government that is willing to listen.

My Liberal critic says the government is not listening, while at the same time his friends in the House get up and say, "They've done a flip-flop," every time we listen and we reform and we change what was originally proposed. You cannot have it both ways. If you are listening and you want changes, then you have got to at least give us the benefit of the doubt, or give us the benefit that we are listening and we are making some changes.

Thanks to our actions, the auto insurance companies said: "Maybe there are cheaper ways of doing things. Maybe there are ways in which we can restructure. Maybe there are ways in which we can deliver a cheaper product." It may not be as cheap as public insurance would be, but we can lower premiums by an average of \$40 to \$60, and maybe we can also have some form of modified tort.

He talks about Bob White and productivity. Let me tell you, as I go around this province and talk to industries, I find that the labour movement for the first time—well, not the first time, but certainly now more than ever—is very interested in developing co-operation with business. I meet with the president of GE Canada and I see the new plant which was put in in Pickering for \$20 million. He tells me: "Look, come on up on stage. This is the president of our union," and he is sitting right next to the president of the company and the chairman and the architect. He says, "We built this because labour and management co-operated and we were able to work out a deal."

When I talked to Bob White he said, "Look, we've got to have a system in which labour and government and communities and management have co-operation." If you look at the countries that are the most successful, if you look at the countries that have that kind of co-operation, where you do not have the kind of postal strikes that we have once a year, you find that they are led by social democratic parties, such as this one that has been elected, and they have developed the kind of structure and infrastructure that allows that to happen.

He talks about de Havilland and he talks about various other companies. Let me go through a few of them. Let me leave de Havilland for a minute, because it is something I am really interested in and I would like to talk about it a little bit later.

First of all, my Liberal critic mentions Crown Life. He does not say whether his government would have bought it or not. Crown Life was situated in Ontario, but in fact most of its business was in the United States. Anybody doing a realistic assessment would say that perhaps its business investments were not the best kind.

1730

I know from personal experience, I have made a lot of money with good business investments. I was called the millionaire socialist by Premier Peterson and I consider that a compliment. I made it honestly with good business investments. Far be it from me to criticize Crown Life, but anybody who looks at Crown Life says they did not make good investments, any more than Re-Mor and Astra Trust did, if you remember them, I chaired those hearings. But what authority do I have as a minister to tell a private corporation that it cannot move to another province? I am not Joe Stalin in Stalinist Russia who says, "I'm going to seize your assets." For one thing, they do not have very many assets. Sure, I may not like the fact that they are moving, but what right do I have to say, "You're not going to move to Saskatchewan or Alberta or wherever else?"

As for Algoma, when we look at Algoma what do we see? First of all, we see a town that has a major problem. What happens if this company disappears entirely? Mr Kwinter does not say what he would do in that case. He does not say he has a plan to provide jobs, to provide new industries in that town. He just criticizes us for going in there, for working with the workers and the company to restructure that company. When we see the final proposal, which has to be accepted by the banks, when on October 31 we have the final decision, you are going to see an effective company that can compete. That is part of the restructuring process. Part of the leadership of a government is not to sit back and say, "Let a town go down, we can't do anything about it. That's private enterprise for you. Tough luck, Charlie"; it is to say, "Here's a town that is in deep trouble if this industry disappears. How can we build a consensus between the workers, the companies and the government to save the town, to save the industry and make that industry as economically viable as possible?"

He criticizes the fact that we did not purchase Consumers' Gas. I consider it a compliment. It says that this government is pragmatic and that we look at every case, and in the case of Consumers' Gas a very strong argument was made that if it were sold we would benefit in the way that we as a government see is important: increased research and development that could not have taken place except at tremendous cost to the taxpayers, at tremendous cost unless we found another investor. So here is a foreign investor, from a sister country, who comes in and says: "We can produce new technology. It's going to be here in Ontario. We can produce new research jobs. We can produce new, higher-value-added products." I say that the Premier showed leadership, showed flexibility. He said, "I'm going to judge each case as it comes along."

To say there that this government has some kind of ideological position, when at the same time we can look at Consumers' Gas and say: "Look, here's a company that's offering us a really good deal. It means all kinds of new



things, not just for the company itself, but spinoff jobs, spinoff companies"—I say that says we are pretty pragmatic and we are operating in the same way that social democratic governments have operated with business around the world and done a pretty good job in building the most affluent economies anywhere in the world.

We talked about Kimberly-Clark. Kimberly-Clark was an interesting deal also because it put together a series of different parts. If you look at Kimberly-Clark, then what you see is a win for everybody. I think that is not a bad thing. If you look at numerous other cases, you have a series where the government showing some leadership can put together different factions and try to make them work together.

Let me talk about de Havilland. De Havilland is painted by Mr Kwinter as somehow something that we should not have done. Of course, his federal colleagues in Ottawa are saying to the federal government, "For heaven's sakes, you've got to save de Havilland." I am sure I could produce with very little effort speeches from some of the federal colleagues, the member for—what is his name, Kaplan—saying: "Look, you can't have a major industry like this go down. This has been one of the centres of aerospace. Are you, Mr Conservative Prime Minister, going to leave the Diefenbaker legacy of the Arrow by letting de Havilland go down?" My critic then from the Conservative Party somehow condemns me for de Havilland and says, "Are you really protecting the taxpayers' money?" It is not just my taxpayers' money and your taxpayers' money in Ontario, it is the federal taxpayers' money that is matching us. Indeed, it was Mr Wilson and Investment Canada that said, "Look at the first offer, it's not a good enough offer, and we've got to have another offer."

As a result of the co-operation between Mr Wilson and Premier Rae and our government, we were able to produce yet an even better offer, and that offer from A&A is a good offer; it is the basis certainly of a good offer. We are in the process of negotiating. We are not buying this as a bail-out. Anybody who knows anything about this industry knows there are certain sectors in which businesses specialize and when you start getting out of your specialty you often get into trouble. Boeing is a great company. It is making a lot of money, or at least until recently it has been making a lot of money. We have problems in the aircraft industry generally. It is not making as much as it once was. But it specializes and makes very well very wide-bodied superjets. You and I have all flown in them, I am sure, and enjoyed the comfort of flying in first-class aircraft. But commuter aircraft was not its bag, it was not its—

**Mr Lessard:** We do not fly first class; we fly economy.

**Hon Mr Philip:** I tell you, I fly Air Canada and Canadian Airlines and I get first class in economy. I think they do a great job, whatever class you are in. I do not get to fly first class, at least at taxpayers' expense. Forgive me if I like a little luxury occasionally when I am paying out of my own pocket.

The next question is, "Well, why didn't Bombardier buy in?" Bombardier, if you look at it, a highly successful company again, has expanded very rapidly, but this is not its particular product line, either.

The issue facing us, then, was: "Is there a need for an Ontario presence? Is there a need for a Canadian presence?" Of course, Investment Canada felt there was. So we said, "Where do we get that Ontario or Canadian investment?" Because it is in the interest of the workers, it is in the interest of all of the spinoff industries that are so dependent on this, to ensure that not just the manufacturing but the research and development on new products stay in Canada. What better way than for the Ontario government to own part of it and to negotiate part of being at that board table and being part of that decision-making. So we are negotiating a deal that I think you will find very difficult to criticize once the full deal is made. I know some of the particulars of where we are now and I have some idea of where we are going to be. Indeed, it is going to be very hard for the provincial Conservatives to criticize it because of course it is certainly a deal which we will be jointly in with Mr Wilson and the federal government.

Let me talk about the straw man, which I call it, that somehow Ontario is against foreign investment. Nothing could be further from the truth. My goodness, my deputy and my research assistant, Una O'Reilly, sitting behind me, will tell you the number of hours that I have spent meeting with potential investors who are not only foreign investors wishing to invest here in Ontario, but also trying to put together the start of some joint ventures where we can work in joint venture transfer-of-technology types of situations between companies here and companies in India or around the world.

If we are against foreign investment, then I am spending 10, 12, 15, 20 hours of my time every week, in addition to my regular 60, 70 hours on other things, spending time talking to people, trying to encourage investment, then I am wasting my time, because that is nonsense.

1740

Certainly the Treasurer has gone to New York and to various other places and has met with investors. I have spent an awful lot of time meeting with investors and indeed putting investors together with other people who can make deals. That is the role of this government. It is not to go, and I will not mention names of previous ministers, around the world throwing glorified cocktail parties. That does not get business. What gets business is that you have to know what you are doing, you have to have a structure, you have to know why you are going in there, you have to know who you are bringing and you have to have a follow-up. If there was ever a fault both in the federal government—and my federal colleagues agree with this when I talk to them—and of the provincial governments over the years, it is that they did not have a strategy. I can tell you, I have a lot of respect for the Minister of State (Small Business and Tourism) in Ottawa and he and I go around making the same speeches, so I guess I have to agree with him and vice versa.

**The Chair:** You have been going to the same cocktail receptions.

**Hon Mr Philip:** No, we are not going to cocktail receptions, interestingly enough, we are going to, both of us—

**Mr Perruzza:** Mr Chair, that is really inappropriate and out of order.

**The Chair:** Some day when you are the Chair, Mr Perruzza, you can say what you want to.

**Interjection:** I would apologize.

**Hon Mr Philip:** I do not mind if Cam tweaks me occasionally as long as I am allowed to shoot back without him calling me out of order.

**The Chair:** It was borderline unparliamentary, but I let it pass. That was all.

**Mr Lessard:** At least you know he is listening.

**Hon Mr Philip:** What, you are ruling against yourself or you are not ruling against yourself?

**The Chair:** No, I almost recognized Mr Kwinter's restraint.

**Hon Mr Philip:** You know, it is getting in there and meeting with the investors and encouraging them and seeing how you can put deals together. I think that is the role of government.

Mr Kwinter says this party is opposed to the North American free trade agreement, but you know, so is Jean Chrétien, if I read his speeches correctly. He was opposed to free trade, but now he is in favour of free trade, or it depends on which speech you get Jean Chrétien on. All that we have said is that we want to be at the bargaining table, that we have a right to protect Ontario, that we want to be informed, that we want—if we are not at the bargaining table, and I know that the previous government asked for that—at least to be informed and we want input. That is the position I have taken with Mr Wilson. Indeed, let me just read into the record what I have written recently to Mr Wilson.

"I greatly enjoyed the opportunity to meet with you informally recently to discuss the range of industry and trade issues and I look forward to a working relationship. I might add that I have also had a very constructive exchange with your colleague Tom Hockin, Minister of State (Small Business and Tourism), and I look forward to having a more comprehensive meeting with him in the next few weeks.

"I am concerned about the need for a meeting of federal and provincial ministers responsible for international trade to discuss the North American free trade negotiations. I have been pleased by the efforts of Canada's chief negotiator John Weekes in providing regular briefings on progress in negotiations to provincial officials. These meetings are greatly appreciated. However, negotiations have progressed substantially since the last federal-provincial trade meeting in July and your continuing objective to conclude the negotiations by early 1992 means the key political decisions must be made by this autumn."

Then I conclude by asking that we hold a ministers' conference, "to at least be briefed by the federal government so that we can have input. I would be happy when we discuss that item to discuss what some of my concerns are."

But you know, we are not saying anything any different than perhaps the Business Council on National Issues. It said: "We would prefer that NAFTA talks were not happening now. Why? Because there is a whole shakedown which we're still trying to cope with from the original rounds of free trade agreements. Until that time we'd at least like them to be postponed." What we are saying is, "We want to be there to protect Ontario's interests."

I am told that my time has run out. There were some, I think, really constructive things that my Conservative critic presented and I just wanted to comment on them. May I have another minute to at least do that, if I can find my notes correctly?

**The Chair:** If I might suggest, Minister, with the 15 minutes completed I am going to need a few moments to get the consensus of the committee as to how it wishes to proceed. In past custom—

**Hon Mr Philip:** I was going to compliment him and agree with him, so that is—

**The Chair:** You will have ample opportunity in a moment.

**Hon Mr Philip:** Okay.

**The Chair:** I am in the hands of the committee, but it has been the custom to move in rotation, first with the official opposition, I would recommend at this point 15-minute segments so that we can complete at 6. Then when we reconvene on Tuesday, October 1, we would start with Mr Carr. But I am in your hands. If you wish to order up our agenda—

**Hon Mr Philip:** I can do it in about three minutes.

**The Chair:** I am getting my guidance from the committee at this point.

**Mr Carr:** I want to hear him compliment me.

**Mr Perruzza:** I do not think any of us on this side would have a problem hearing the minister for another three minutes.

**The Chair:** I did not ask that question. I asked how we wanted to proceed with ordering up our time.

**Mr Carr:** Do we want 15-15 or 5-5 now?

**The Chair:** No difficulty? Then we will proceed on that basis. If you can wrap up in one minute, Minister, then I will recognize Mr Kwinter.

**Hon Mr Philip:** First of all, Mr Carr has pointed out what I think are two really serious problems of small business. The Canadian Federation of Independent Business and I had a very frank and constructive dialogue in our meeting.

First is taxation. I think what we badly need to do is to look at the taxation on small business as well as on all business and find out what the impacts are. That is why our government has had a Fair Tax Commission and we are hoping to look at it. Indeed, my staff are putting together some other tax matters.

Regulation is a major problem. I agree with you 100%. It is a major problem to small business; it is a major problem to medium-sized business. That is why I found it very interesting that while Mr Kwinter talked about regulations or overregulation as being a major problem to attracting business, he failed to point out that his own party had a committee on regulations, chaired by the former member for High Park-Swansea. They presented a number of recommendations which were not implemented by the Liberal Party. I can assure you that we are going to deregulate or re-regulate a number of the regulations. I would like to explain in some detail our proposal of how we are going to go about doing that and I hope you will be part of the team



that will help us with it. It is a major problem and we have got to get around to it.

**Mr Kwinter:** I would like to respond to some of the comments that the minister made. He said, "You can't have it both ways," and I think he is trying to do exactly that. He is trying to have it both ways. He makes the comment on Consumers' Gas, and if there is something that galls me about the government, it is that when it was in opposition, the leader, now Premier, got up and spoke constantly as if he had a halo around his head and that he was speaking from the mount and whatever he said was gospel. He stood on his feet in March 1990 and criticized the government because there was a rumour that British Gas was going to buy Consumers' Gas, and said they would never, ever, ever sell Consumers' Gas and that a public utility should be in public hands. When he makes the decision, suddenly it is pragmatic: "We are able to take a look at these things and change our minds."

**Hon Mr Philip:** We got information.

**Mr Kwinter:** The point I am making is that you ran two elections on government car insurance. There were commissions, there were filibusters, there were rooms full of material that was available for anyone who wanted to look at it. Notwithstanding that, it was a matter of faith of this government. The 1987 campaign was waged on government car insurance. You had all the information from Manitoba, you had the information from British Columbia; you had all this information and you made a decision. My concern is that your decisions waver with the wind and the problem is that they are not consistent. I am not being critical of some of things you are doing, what I am critical of is the process.

When Consumers' Gas was sold, it sent a signal that "here's a government that will allow foreign ownership." When another company comes along, Aerospatiale and Alena, and they want to buy a company: "We can't have foreign ownership. We have to have some Canadian presence." Then you have a situation and all the advantages you think you are going to get by being an owner, you can get in the deal. We went through that experience when we allowed Connaught Laboratories to be bought by Institut Mérieux. You want to talk about an icon in Canadian technology, you talk about Connaught.

1750

My preference obviously would have been, let's have a Canadian company buy it. At worst, let's have a joint venture. But if that is not possible, rather than salute the flag as Connaught sinks into the ocean and disappears flying the Canadian flag, let's get a viable operator. Let's get someone who has the technology and the ability to keep that company in Ontario, to keep it in Canada. In order to make sure the research would be done, that the investment would be done, we made that a condition. And I am saying to you that when you talk about de Havilland, I am not in any way saying, "Let her go." I am saying, "Let's keep her," but there is no reason why, just because you want to keep it in Ontario, you have to put any money into it.

I can tell you, and I am sure you are privy to this, when they first approached us, they were anxious to buy it. They were not looking for any money. They were just going to

do it. Where the money came on the table was when there was pressure put on them to develop a new aeroplane. They said, "There isn't an aeroplane company in the world that can do that without some sort of government support, whether it's through military contracts in the United States or actual subsidies in their particular home countries. If you want us to do the kinds of things that you want us to do, that are not the business of de Havilland at the moment, then you're going to have to put some money on the table." That is why they suddenly went to the federal government and said: "Put up some money and we will agree to do what you want us to do, but if we just buy the company, we have an idea what we want to do with it. We are going to have to right-size it," and I say that in comparison to downsizing it. "We are going to do those things and we are prepared to do it."

The government's role, if it is just to make sure that the research is done and the investment is done, they can make that a condition of Investment Canada's approval. You have a perfect model. The model is Connaught Laboratories.

You talk about Algoma. I am very sympathetic to the people in Sault Ste Marie. I would love to see that plant flourish and keep going. But, as I said earlier, there is a contradiction in effort. I say to you with all due respect, the thing that drives most of the decisions of this government is to protect the jobs, and it is a laudable exercise, but sometimes it may be impossible. If that is the main thrust, then you are making the decision based on the wrong premise because you will save the jobs—and I will tell you, I lived through it.

I lived through it with Milne Lumber up in Temagami. You keep saying your government did this, that and the other thing, and I say to you now that I am no longer in the cabinet, my government did a lot of things that I was not terribly supportive of, but the government did it. But when Milne Lumber came along and they wanted money to go into it, I opposed it. I opposed it at the cabinet table, and they said, "Hold your nose and pay it because we've got to support that company." I say, "Pay me now or pay me later. You want to do it. It is money down the drain." As it turned out, the money went down the drain. The company went down. The successor company went down. You cannot take a sick company and prop it up unless you restructure it.

And I have every sympathy with trying to restructure a company, but that does not mean that you do it in such a way that it is done for the wrong motivation. Again, I do not want to give you the impression that I am against workers, but if that is the problem, if the plant is not productive, if the plant is not competitive, and if that is part of the problem because they have too many people in there turning out too few products, then you have to make those tough decisions.

My concern is that decisions are being made for crass political reasons. As I say, how in the world are we going to be able to face shutting down Kapuskasing or Algoma or Elliot Lake? You want to talk about an issue? Elliot Lake is a community that has no reason for being where it is, other than at the time that it was built there, it was perceived to be the location of the uranium. Now it is no longer competitive. Our government would have done the same thing. That community is in the wrong location. It is not even on a major thoroughfare. What is happening is

people are pouring hundreds of millions of dollars into it to keep it alive. Politically, I can understand that perfectly, and that may be the ultimate decision because of the politics, but the economics of it do not make any sense.

What you have to do when you are making these decisions is to take a look at it, and you may have to decide that even though it makes no sense economically, politically we cannot do anything about it and we have to support it. It is one thing to support a community, which I do not think anybody can object to. It is another thing to try to support a business that is not competitive, because all you are doing is prolonging the agony. You will keep them going for one year, two years, three years.

Listen, there is a perfect model. My suggestion to every minister and every member of the government is to put in their office "Sysco Steel." If you want to see what a sinkhole is, there is a company that has had hundreds and hundreds of millions of dollars poured into it by the federal government. In any analysis of it, any person who knows anything about the steel business will tell you, "There is a company that has no economic reason for being, other than the politics of it." That is why it is there. We need that anchor in Nova Scotia, in that particular area. That is one thing. It is another thing to kid yourself that it is a good business decision. It is a good political decision, but do not kid yourself into thinking it is a good business decision.

**Hon Mr Philip:** How do you know they are not good business decisions when you have not seen the restructuring program? Are you psychic or something?

**Mr Kwinter:** No, what I am suggesting to you is that any restructuring program that you can come up with that makes sense—what makes you think all the wisdom rests in one side and not in the other?

Let's take a look at it this way, let's take a look at Algoma. Here is a company that was bought by Dofasco for somewhere between \$700 million and \$800 million two years ago. This is their business. This is not a sideline. They are in the steel business. They did not buy it 50 years ago and find that it is obsolete; they bought it just two years ago. They took a look at the company after it ran, and they found that their markets changed, their efficiency changed and that the company, from their point of view, was no longer viable. What did they do? They wrote down the total investment. If you take a look at their balance sheet, that was an incredible whack for them to do.

**Hon Mr Philip:** How can you say, though, that the proposal is foolish when you have not seen the restructuring program?

**Mr Kwinter:** I am not saying it is foolish. I am saying to you that here is a company that has \$800 million already there. They have a vested interest in trying to salvage that \$800 million. If they felt they could restructure it to a point where they could recoup some of that \$800 million or at least keep that \$800 million as a viable asset, why would they not do it?

**Hon Mr Philip:** They do.

**Mr Kwinter:** Why would they do it?

**Hon Mr Philip:** They do now. That is why they are working with the union on restructuring. The latest pro-

posal has been supported, the first stage of it, by both the union and the company. And eventually, the banks will support it.

**Mr Kwinter:** Well, I can tell you the analysts in the industry have said that as far as Dofasco is concerned, it has written that off. The analysts in the industry are saying the thing is doomed. I wish you luck. I wish you well. You may make some political mileage, but again, I predict that it is a matter of time and you will be back at the table dealing with it in exactly the same way as Sysco, which has been festering out there for lo, these 20 years.

I am not against helping, but I do not see the role of the government. This is my concern. I see the role of putting people together. I see the role of being a facilitator, but if all you are bringing to the table is money, that is a buzzword for subsidization. If it is a viable operation, there is lots of money out there. There is lots of money from Boeing if you can make de Havilland work. There is lots of money from Dofasco. They had 800 million bucks that they have written down. If all you are bringing to the table is money, it makes no sense, because money is the least of their problems.

What you are talking is subsidization. Then of course you open up the whole Pandora's box because of GATT, because of free trade and everything else. That is my concern. My concern is that there are decisions being taken that make no business sense. If you are going to do it and say it makes no business sense, just political sense, I have no quarrel with that, no problem at all. I just have a problem when you are kidding the troops and saying: "We're going to go in and we're going to turn this thing around. We're going to make it a model of efficiency and it's going to be a world-beater," when it is not. Because if it could be a world-beater, there is a guy out there who would make it a world-beater. That is my concern.

Are you giving me the eye trying to indicate that somehow or other I have extended my time?

**The Chair:** No. I think you have concluded your remarks quite well. It is almost 6 o'clock. We have five hours and five minutes yet to complete estimates for this ministry. When we return on October 1 we will begin with Mr Carr.

I just wanted to refer to one quick matter from yesterday. I understand Mr Saunders from the Ministry of Labour indicated that some of the questions had been sent to my office from yesterday's estimates. I want to inform the committee that Mr Saunders sent them to my constituency office on Monday, and since I was not to come to Toronto on Tuesday, I presumed that he had sent them. But in the presence of the staff from the Ministry of Industry, Trade and Technology, all requests made during the course of the balance of these estimates, information that cannot be brought forward at the time it is requested, would be sent to the clerk. The clerk will then be responsible for distributing it to all committee members. That is the protocol, and I will certainly be advising Mr Saunders.

**Hon Mr Philip:** I have to go to a ball game at the SkyDome. I believe some government invested a lot of money in that.

The committee adjourned at 1803.



## CONTENTS

Wednesday 25 September 1991

Organization .....	E-405
Ministry of Industry, Trade and Technology .....	E-406

## STANDING COMMITTEE ON ESTIMATES

**Chair:** Jackson, Cameron (Burlington South PC)  
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Lessard, Wayne (Windsor-Walkerville NDP)  
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McLeod, Lyn (Fort William L)  
Perruzza, Anthony (Downsview NDP)  
Wilson, Gary (Kingston and The Islands NDP)

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Première session, 35<sup>e</sup> législature

# Official Report of Debates (Hansard)

Tuesday 1 October 1991

# Journal des débats (Hansard)

Le mardi 1 octobre 1991

## Standing committee on estimates

Ministry of Industry, Trade  
and Technology

## Comité permanent des budgets des dépenses

Ministère de l'Industrie,  
du Commerce et de la Technologie



Chair: Cameron Jackson  
Clerk: Franco Carrozza

Président : Cameron Jackson  
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## Table of Contents

Table of Contents for proceedings reported in this issue appears at the back, together with a list of committee members and other members taking part.

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## Table des matières

La table des matières des séances rapportées dans ce numéro se trouve à l'arrière de ce fascicule, ainsi qu'une liste des membres du comité et des autres députés ayant participé.

Il existe un index cumulatif des numéros précédents. Les renseignements qu'il contient sont à votre disposition par téléphone auprès des employés de l'index du Journal des débats au (416) 325-7400.

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Avec le nouveau système, la numérotation commencée en janvier 1991 s'arrêtera à la dernière séance de la Chambre et des comités de l'actuelle première session. Une nouvelle série commencera le jour de l'ouverture de la deuxième session et des sessions suivantes : numéro 1, page 1. Les rapports des comités seront également numérotés à partir de la première séance de chaque comité pour une session parlementaire donnée.

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON ESTIMATES

Tuesday 1 October 1991

The committee met at 1536 in committee room 2.

### MINISTRY OF INDUSTRY, TRADE AND TECHNOLOGY

**The Chair:** I would like to call the standing committee on estimates to order. Today we will continue with the estimates of the Ministry of Industry, Trade and Technology. We have five hours and eight minutes yet to complete. I believe that when we adjourned the rotation was moving to Mr Carr for the third party.

**Mr Carr:** Welcome, Minister. I want to start with something that goes right to the heart of the mandate of your ministry. You will know that on page 6 of our estimates book it says, "The mandate of the Ministry of Industry, Trade and Technology is to help Ontario become a more productive and internationally competitive economy." I want to get your thoughts and judgements on how you see that being done. It is a very broad, all-encompassing statement, but if we could get fairly specific, I want to see what your thoughts are. How do you see us doing it? In what areas? Is it going to be skills development? Is it going to be better co-operation with labour? Where do you see us heading?

**Hon Mr Philip:** Let me just get the statement, if you do not mind, so that I have it in front of me.

**Mr Carr:** It is page 6, the very first line.

**Hon Mr Philip:** Do you want me to go down each of the items that says how we do that and talk about the kinds of programs we are doing?

**Mr Carr:** No. I would like to hear in your words how you see us doing that. The statement, I think everyone will applaud on all sides, all parties and so on, but I want to hear in your own words how you are going to do that, with what programs. A year from now when we judge how Ed Philip has done, how would you like to be judged, based on that mandate?

**Hon Mr Philip:** I think what we have to do, first of all, is recognize that coming out of free trade, coming out of the recession, we are not in the same game that we were in before, that if Ontario industry is going to be more competitive we have to operate globally. We can no longer expect that we will simply rebound with the American economy the way we have in the past, and that requires a number of initiatives.

Part of competitiveness is bringing about co-operation between labour, government and industry, and I think we are in a good position to try to do that.

We have been doing a number of things that I think help to assist us in that. One of the things we are doing is trying to meet with each sector, and hopefully, by the time we are finished, we will have developed some memoranda of understanding so that industry and the components in that

sector understand what we can expect from one another to become more competitive and how we can work together.

In addition to that, we have to identify what are the kinds of markets we stand to best move into. One of the things my international office is doing is trying to develop a more objective way of evaluating markets for us. We are developing and experimenting with a kind of grid system with which we can evaluate markets.

We have to work with industries to develop a closer liaison with other ministries that are involved with them. That includes the Ministry of Skills Development. We have to work with communities, and indeed we are developing a community model that we hope to be experimenting with in November, developed by the small business part of my ministry and by myself and my staff, with which we hope to look at individual communities, identify the strengths, the weaknesses, the potentials and where we should move from there. Hopefully out of that will come some kind of memoranda of understandings as to what is the role for each of us in that.

In addition to that we have to look at what the kinds of things are we can best do that can only be done by joint venturing with other countries. I think the role of my ministry is to identify which countries, which international companies, which offshore companies we can form partnerships with and to act as an honest broker, if you want, between our companies and some of the other companies, to develop a new synergy and create new products.

We also have to work with our industries to put together packages of deals. We have to recognize that a number of our companies are often smaller in the international market than the Americans are; for example, in the field of engineering technology. But a number of companies together can often put together a package that can be competitive, or in some instances put together a package as a subcontractor to a larger American company that is working on a world market. I think we have to be flexible and pragmatic about that.

Those are a few of the kinds of things. I guess what I am saying is that a lot of the kinds of things we are doing have to be process-centred things. We cannot simply throw money after money after money. We are not going to buy our way out of the recession. But we can develop strategies that I think will work. As my colleague from the federal government in Germany said today, more and more knowledge is universal, and a lot of the kinds of things we do well are the selling of knowledge, the selling of software, the selling of technical expertise. Those are the areas we have to identify and work on with our industries and put together the packages.

There are a number of opportunities. Maybe Claudette would like to talk about some of her perspectives, as my assistant deputy minister on the international market, on

where there are some real opportunities for us, and some of the things she is doing.

**Ms MacKay-Lassonde:** I am Claudette MacKay-Lassonde, assistant deputy minister, trade and international relations. The thing I would like to carry on with from what the minister has said previously is that we are currently going through an exercise where we are trying to identify the areas in Ontario where we have definitive strength by comparison with the international market. Given those strengths, we are also looking internationally at countries in the world where from several perspectives, one of them being competition, the other being the strength of the market—the demand, the size of it, the growth of that market—we have a chance to be more competitive. From there we will establish a much more proactive and aggressive approach to penetrate those markets within those industrial sectors.

**Mr Carr:** One of the problems, Minister, is this: It is all fine and well to talk about what we are doing internationally. Your officials might be aware of a particular situation in my riding, Robin Hood Foods Multifoods Inc is going to spend \$21 million to expand. They made plans to move into the Burlington portion of my riding. They currently employ about 150 people and are going to expand it.

As a result of some of the initiatives by the ministries of Revenue and Treasury and Economics through the Ontario current cost adjustment regulations, the rules of the game were changed halfway through. They now say to me, "If we had known what was going to happen, we would not be making the investment." I think your officials have been kind enough to set up a meeting with them to discuss what is going to be done.

Here we have a company in my riding going to expand at a time when we are trying to keep jobs and they are saying that some of the initiatives, not through Industry, Trade and Technology, but through Revenue and Treasury, changed the rules. The people in the United States say very clearly—as you know Robin Hood has facilities there—that if they had known what they know now about the rules change, they would not have invested here. They would have put the plant down in Buffalo.

It is good to talk about how we are going to expand, and yet other ministries, Revenue and Treasury, in their grasp to try to get revenue, are basically taxing jobs and investment out of this province. So here we are on the one hand saying we have got to help some of these industries, and on the other hand we are taking it away.

Essentially what it boils down to is that, some of the write-offs for it are going to be changed. Now we are going to have to have Industry, Trade and Technology come in and say, "What can you do to help us?" You are taxing on the one hand and we need more money on the other hand through incentives. I was just wondering if you could comment on how you are going to change some of the other things.

I will add one quick point about what other ministries may do. Some of us here, I think, sat on the standing committee on administration of justice as well. We went around the province and we heard the chambers of commerce saying, "One of the things we don't need is more

regulation." Yet as recently as yesterday we put in a process where now, not only will they have to go to municipalities but they can then take it to the Ontario Municipal Board. We have this wonderful Industry, Trade and Technology ministry trying to defend industry, yet we have people, even at the Ministry of the Solicitor General, which we do not think of as being an economic ministry, and Revenue and Treasury, pulling in opposite directions.

My question is very clear: How are you going to see that changed so that Industry, Trade and Technology can take a more prominent role when decisions are made around the cabinet table that are hurting industries in our province?

**Hon Mr Philip:** I think that is a fair question and a good question. Not to be overly punishing, I get a variety of people who say that their industry is being affected for one reason or another. The trucking companies will say federal deregulation has put them under and will decry that to me, and others will say the GST and so forth.

I think the role of my ministry is to develop a process whereby a particular company or set of companies has a way of letting its concerns be known. As minister, I have had the good fortune of being granted two parliamentary assistants instead of one, unlike previous ministers. Brad Ward is dealing with international and general issues of the ministry and Norm Jamison is specializing in small business. What we have done in terms of small business is that we have written to the six ministries that have the most interface with business—that does not mean there are not others because every ministry has some—and we have asked them to appoint their parliamentary assistants to a parliamentary assistants' committee on small business.

We are hoping that will allow for some one-stop shopping where a business concern or a sector that has a variety of problems can go to this committee and at least make its views known concerning a variety of issues, because often an issue overlaps ministries.

When I was speaking with the minister of technology from Germany today, he was quite surprised at how many ministries in Ontario actually deal in the field of science and technology. I signed a cabinet submission only a few hours ago. I will not tell you what is in it, but it dealt with three different ministries in which three ministers were sponsoring this cabinet submission, Northern Development, Natural Resources and my own. I have signed others with Energy, and so forth. I think you have to have a way of dealing with that.

1550

The other thing we are doing, of course, as the Treasurer has announced, is that he is holding a Fair Tax Commission. I think we have to look at the whole tax system and the effect on business. Last but not least, and I think it is probably the most important, is that on the first day I expressed my concern about the need to implement the report of the standing committee on regulations and private bills. I am very concerned about overregulation and the fact that they are not even indexed.

The average small business person in a small company of under a couple of million dollars' equity does not have



the resources to understand all the regulations that are affecting him. I think we have to come to grips with that. We are working on a process. We are going to choose just a few ministries to begin with, ones where we think we can cut down on bureaucracy and regulation, and indeed some of the ministers are already doing this on their own.

The Minister of the Environment has a study on to find ways in which she can reduce the environmental assessment process, which is not particularly friendly to environmentalists, let alone corporations. I have had companies tell me: "I'm quite willing to set up a plastics company in Ontario. I'm not a polluter. I'm willing to abide by your laws, but I don't want it to take three years for me to get all the necessary approvals." That is something else this ministry has to come to grips with. I think the Ministry of Agriculture and Food has perhaps been more successful than this ministry over the years in understanding that there has to be some system of one-stop shopping.

We are looking at a variety of ideas and I would like to hear yours, but maybe certain companies or a series of companies or sectors should be assigned a representative. We know there are certain people in our ministry who deal all the time with certain companies, but there has to be a system whereby somebody can come to a ministry and say, "I've got a revenue problem," "I've got this," "I've got the other thing," and they are dealing with the same person all the time.

**The Chair:** I was looking for a one-stop answer and I would like to move to your colleague.

**Mr Carr:** That was 15 minutes?

**Hon Mr Philip:** They were good questions. I was hoping to get some more, but I am sure you will get another chance.

**Mr Carr:** It went fast.

**The Chair:** You know you will get more questions. It is my responsibility to keep the flow to the caucuses fair.

**Mr Farnan:** I have just one question I would like to put to the minister. It concerns the very diverse makeup of our province, and as a result of that, the advantages we have in terms of business connections with other jurisdictions. I wonder if the ministry has given some thought as to how we can tap into this kind of networking of various business connections, whether they be Irish connections, with their great entrepreneurial spirit, or the Portuguese community; for example, in my community of Cambridge, there are over 20,000. As you look cross the province you see this multicultural network of communications. Is the ministry tapping into this?

**The Chair:** The Treasurer's favourite vacation spot is Cuba, so the whole world is our oyster here, is it not?

**Mr Farnan:** I should be happy to help the minister out by taking off to Ireland to speak in his behalf, should that be necessary.

**Hon Mr Philip:** I have not been in either Ireland or Cuba in many years.

**The Chair:** But you have been there.

**Hon Mr Philip:** I have been to both of them. I have been to a good many countries.

I think you are right, Mr Farnan. The greatest resource that Ontario has, I think, is the people who have immigrated from other countries. I said this on India Day. I said in Mississauga, in front of Hazel McCallion and all the other dignitaries—Steven Offer and a few other people who were there—that we have to work with the various ethnic business groups. I have met with all the consular corps already. I have been meeting with the various chambers of commerce—the Indo-Canadian Chamber of Commerce, for example. I met with the executive director of the Canadian-German Chamber of Industry and Commerce today, and we hope to set up a meeting fairly soon.

One of the things I think we need in a global market is to look at ways in which we can develop joint ventures, co-operation between companies here that may have risk capital or money, business people here, with their countries of origin. Elaine Ziemba, the member for High Park-Swansea, has approached me about some groups that are connected with eastern European countries and that want to invest in those countries, but also in turn form joint venture companies, companies that are owned on both sides of the border.

I can have some of our staff talk about it, but we have, I think, in our ministry the need to develop a special unit within our external office—not with a lot of people, maybe one or two people—that will be in constant liaison with those ethno-Canadian chambers of commerce and groups. I want to spend a lot of time going around and meeting with them and talking to them about how we are willing to work on both sides of whatever border and help them to liaise with their families, with their relatives back home who may have businesses, and see ways in which we can do it.

For example, somebody came to me the other day and he said: "It's not very economical to manufacture furniture in Ontario any more. We may have some highly specialized products, but it is becoming increasingly difficult. But in India, if you happen to be a father waiting to have his daughter married, you may be going down to the furniture shop until the night before the wedding saying, 'When is it finished?'"

He said: "That poses great opportunities for us. Perhaps we can form furniture manufacturing and design companies here that are owned by some of our people, and then have some of our families or relatives or friends back in India"—trade has been opened up dramatically in the last two and a half months, and I can show you some really interesting statements by the government; it is certainly liberalizing trade—"set up companies there that can be either jointly owned? We can do some of the designs. We can do some of the manufacturing or a lot of the manufacturing there. Some of those products can be shipped back, so the high-tech, the high-engineering, the high-design portion can be done here. The manufacturing or the assembly work can be done there." There are all kinds of opportunities and I do not really think we have tapped that source.

It provides us also with a tremendous source of equity that we have not really thought about. A lot of our friends who have immigrated from other countries have relatives all over the world. If we can work with them to create a business opportunity that they are creating, often they will be able to bring in that \$500,000 from their uncle in New

York city as an investment, and some other money from another uncle in Australia and so forth. It is a whole source of new risk capital that perhaps the banks and other sources of traditional capital have not developed.

1600

Companies have said this to me so often as I meet with international companies: The greatest thing we have going for us and compared to the Americans, because they are going in the opposite direction, is that we do not have a highly restrictive immigration law for highly skilled people. If you are a top-flight engineer or scientist and so forth—I pointed this out to a major electronics firm this morning when I met with them. I said: “You can come in to Toronto, and if you are lacking any skill, we guarantee that with our immigration laws we can get that skill for you. If we do not have it here in Ontario”—and we have to improve the skills so that people are trained here in Ontario—“there are people in Hong Kong or in Japan or in some other country who are just so anxious to get into Canada because it is such a marvellous place to live and bring up a family. They have these high skills and their families are living here already, and we can bring in those people with our immigration laws.”

The Americans are going in the opposite direction. It is harder and harder to get people from other countries in, and I think, in the short term anyway, that is going to hurt their industries.

Those are just a few of the ideas. Deputy, do you want to add to that?

**Mr Armstrong:** Perhaps I would add that under the trade and international relations division of the ministry, there is a business immigration section which works very closely with the federal government to encourage prospective business immigrants to apply and to file business plans and to qualify for visas. Over the past three years, the business immigration section has recorded the establishment of approximately 580 business immigrant clients, and the estimated investment by those coming in is approximately \$130 million, the creation of over 4,000 permanent full-time jobs.

One of the concerns we have is that under that program, which is a national program, Ontario at the moment is attracting about 25% of those who are coming to Canada, so we rank behind British Columbia and Quebec.

One of the distorting features of that is that many of these immigrants to the other provinces come first to those provinces and then reimmigrate, or immigrate internally, to Ontario. But this is an active and I think largely a successful operation. It engages in assistance to those who wish to immigrate not only by assessing their programs, but by publicizing their achievements in such things as the *Korea Times*, the *Chinese Canadian* magazine and other means of publication of successful results. I think that is another area where good work is being done and where the potential exists for even greater activity by bringing together, as the minister said, the indigenous business groups, the social clubs, the foreign banks and others that will assist them in establishing in this country.

**The Chair:** I believe Mr Johnson had a question next.

**Mr Johnson:** Actually, all of my colleagues on this side, and I am sure my friends and colleagues on the opposition side, have many questions they would like to ask the minister. I think Mr Hansen was anxious to answer a question.

**The Chair:** I had you down and was recognizing you, but Mr Hansen is next.

**Mr Johnson:** Then I will follow him.

**Mr Hansen:** I am going to talk about a different industry. I am going to talk more on the agricultural issue—you heard from the official opposition yesterday that it was a very important industry—and the question is, what provincial agricultural support programs will have to be reduced as a result of the multilateral trade negotiations? As you saw today, \$35.9 million was awarded to help farmers in the condition we are in now with the GATT trade and the free trade. Can you give me some answers on this, being the Minister of Industry, Trade and Technology?

**Hon Mr Philip:** Yes. I am sure my staff will no doubt want to add to this, because this has been an ongoing situation which I am just coming to recently. Ontario fully supports the balanced position Canada has put forward in its agricultural negotiations. That includes clarifying and strengthening GATT article XI and dealing with the rules governing the operation of supply management. We are concerned about anything that would hurt that balanced approach. Our purpose, and I think the purpose of the federal government, surely would be to strengthen and clarify the GATT. The deputy might want to add to that and some of my staff might want to talk about where we are with the multilateral trade negotiations on agriculture.

**Mr Armstrong:** I may defer to Mr Sadlier-Brown on this question. He is dealing not only with the MTN but with the North American free trade negotiations. As the minister said, the position of the ministry is that there must be a satisfactory result in the Uruguay round for Ontario food exporters to be satisfied that their needs as supply management producers and food processors will be met. Peter Sadlier-Brown, who is the assistant deputy minister of policy, can probably bring the committee up to date.

**Hon Mr Philip:** Just before Peter answers, I do not know whether you were here when I pointed out that I had written to my federal counterpart asking for a meeting of all ministers so that we can be updated on how the negotiations are going.

**Mr Hansen:** No, I was not present at that time.

**Hon Mr Philip:** We are concerned not only about agriculture but also about such questions as environmental considerations, labour transfers—a variety of issues that are of concern to us. We have not received a reply, but I am sure the reply will be forthcoming fairly soon. I do not know, Peter, whether you have a copy of that letter. I do not know whether I have it.

**Mr Armstrong:** I think you brought it the last time.

**Hon Mr Philip:** I think I brought it last time. I referred to it and then I put it away somewhere.

**The Chair:** Perhaps Mr Sadlier-Brown could respond to the question that has been posed. We will allow him to proceed.



**Mr Sadlier-Brown:** I do not have a copy of the letter, but we can certainly get one. Clearly the concern that has been expressed relates to the MTN that are happening now, the Uruguay round, as it has been called. What is particularly in question is article XI of the GATT, which deals with agricultural matters. The concern is that the position Canada has taken, that article XI be strengthened, which heretofore has been supported by a number of other countries, is now a source of some anxiety because the Americans, we are told, are thinking of adopting another approach to it. This is fundamental for Ontario's agricultural producers and it is fundamental for the protection of our supply management system.

The specific question that was raised related to what programs in Ontario would be at risk if this turned out badly. The negotiations are not terminated. The negotiations are still proceeding in Europe now, so the final outcome is not known, but we do not expect any Ontario programs to be adversely affected by this. It would apply in the first instance, and probably the only instance, to federal programs. What may well be of concern is how the federal government then develops that and turns it into its own financing strategy, the extent to which it uses an adverse finding or adverse outcome there to affect its allocations in the agricultural sector.

**The Chair:** We are out of time. We can circulate the letter.

**Hon Mr Philip:** I wonder if I could just make sure people do not misinterpret that I am somehow criticizing the federal government.

1610

**The Chair:** No, I do not think we did, Minister. I said we would circulate the letter. The clerk will be pleased to do that.

**Hon Mr Philip:** Because John Weekes has certainly provided information to us.

**Mr Daigeler:** Minister, I have a few questions to start out with based on the document that we received and are actually, as a committee, supposed to analyse.

**Hon Mr Philip:** You mean you are going to ask a financial question?

**Mr Daigeler:** Yes. Estimates give us a good opportunity to review a broad range of issues, but I like to look at our primary responsibility, and that is the actual figures that are presented to us. They give us a feeling as to how the money is being spent and where your priorities are, because after all, the money spent does reflect your policy priorities.

You indicated before that you give great importance to international—

**Hon Mr Philip:** I do not want to interrupt, but—

**The Chair:** You just did. Please, would you just allow the courtesy of letting Mr Daigeler make a statement.

**Mr Daigeler:** I have not got to the precise speech yet.

**Hon Mr Philip:** Okay, I am sorry.

**Mr Daigeler:** You indicated—that is just a preamble—that you support very forcefully our efforts to increase international trade and competitiveness. Some of the questions that were asked related to that, how we can do better in

that regard, all of which I certainly support. I am very keen to have you move forward in that way. However, when I look at the figures, at least the way I read them now, your intention does not seem to square with where you are spending your money. Now I am getting to the precise figures. Starting with page 6, which lists the operating summary, I note that in the international relations support program there is a decrease of \$17 million over last year instead of an increase, in fact almost a 9% decrease in the money spent in that area. How does that decrease in the international relations support program square with your stated intention to increase our trade with other countries? Do you think we can do it with less money?

**Hon Mr Philip:** Yes. In light of the deficit, what we are looking at with all ministries are ways of doing everything with less money. That is fair to say. One of the things the assistant deputy and I have been looking at is whether some of our operations are really meeting the best objectives; for example, whether our trade offices are in the best places possible and whether they are operating in the most effective way possible. We are in the process of doing an evaluation of that. As a result of that, we may well make some changes. I do not want to alarm anybody by saying we are going to close one office and open up another one, but I think we have to look at where our resources are being spent and whether they are being spent in the best possible way.

**Mr Daigeler:** If that is the case, if the \$17-million decrease, the 9% decrease in support for international relations reflects a desire by the government to be fiscally responsible, I wonder why on page 12, under the ministry administration program, you have a total increase of 10.9% rather than a decrease of 9%. You are obviously being very selective in terms of where you put your priorities. In your main office you have an increase of 4.4%, in human resources 6.9% and in analysis and planning 58.6%. I would like to know specifically what that constitutes. Why is there such a tremendous increase in analysis and planning? The main point is, why are you cutting back on our efforts to increase trade internationally but increasing on administration?

**Hon Mr Philip:** I think what you will find under the ministry administration program are a number of special projects that have boosted that budget. Indeed, those special projects do have international implications, so that is not an either/or. If you look at de Havilland, for example, that certainly has international implications. We are working on the possibility of a joint venture with companies in both Italy and France. Algoma is another example of where we had to work on the restructuring in order to save a town. We think that company, under its restructuring program, will be capable of exporting to the United States and be competitive and stay in business. Spruce Falls is another example that falls under that.

Those are related to the whole restructuring as a result of the shakedown after free trade, the recession and a variety of other things. We had to deal with specific matters. I do not think you can say those are not international matters. To me, being competitive and shipping steel to the United States is an international matter. It may not fall under

Claudette's mandate, but it certainly is part of her concern, so it is not an either/or.

**Mr Daigeler:** I can see that there would certainly be some international impact of the work that is being done—at least I hope so—through the administration, but I would like you to be a little more specific. You are making a rather vague statement that some of this work relates to Algoma and some of it relates to Spruce Falls and other things. Specifically why is there this increase of 58% under analysis and planning? What does this relate to? If you cannot give me an answer today, I am prepared to wait. If you want to do it in writing, that is fine with me as well.

**Hon Mr Philip:** We have the information. I would be happy to provide you with that information today. If I might ask my deputy to walk us through it, we can do it figure by figure and provide you with that information.

**Mr Daigeler:** I am specifically interested in the 58% under analysis and planning, because it stands out, it jumps out.

**Mr Armstrong:** Mr Wood, the executive director of finance and administration, has the details in front of him. He will take us through it.

**Mr Wood:** With regard to the \$550,000 increase, that money was set aside in that vote and item, as the minister has stated, for special projects: de Havilland and professional services related to that—strategic industry consultants and financial consultants to assist in the project. It is the same with the Algoma project and the same with Spruce Falls. That money was placed there for those types of projects, special projects related to restructuring.

**Mr Daigeler:** I see. Okay, thank you very much. I appreciate that.

I look at almost every budget item. There seems to be a cutback in the transportation and communication item almost everywhere. I can certainly appreciate and support the effort to be fiscally responsible, even though, quite frankly as a Liberal, if there were any ministry where I would probably put more money in, it would be your ministry. I think the economy of the province and therefore the social programs of the province depend on the success of your ministry. But if you, the cabinet and the Premier have made the decision that you should be—

1620

**Hon Mr Philip:** It was not cabinet. We made that decision. The cabinet approved our budget, obviously, but we made that decision.

**Mr Daigeler:** Why then did you particularly cut back on transportation and communication? Again, I can see the point that in many ministries, communications perhaps could be an effort to make the party look good. I think that perhaps happened under the Liberals and Conservatives, and you do not want to do that. That is fine. But in the Industry, Trade and Technology portfolio, communications to me relate to selling the province and the products of the province. I do not understand why you would be cutting there even though there may be some flights involved. If we want to sell our products, we have to go where those

products are bought. So why are you cutting back on that ledger item?

**Hon Mr Philip:** Let me answer this question very directly, because as my assistant deputy ministers and my deputy will tell you, on the first day I said to them—and I have told industry this—that I am quite willing to travel if as a minister I can push a deal over the top. If I can be of particular assistance in convincing the government—and I have a number of personal connections with parliamentarians in various countries, India among others, with the present government, but in other countries as well.

As I talked to people when it was announced that I was going to become the new minister, and as I talked to some of my friends who are in the international consulting business, people who put together deals all over the world—Africa, Latin America, etc.—and to a couple of ambassadors—I will not mention who, because they talked to me privately—federal ambassadors to certain countries, they said they thought one of the weaknesses of Canada, unlike other countries, was that we tended to go into countries, be unfocused, make a large flash and do no follow-up or very little follow-up.

I said to my staff—my staff would be happy to share this with you, because I said it in my first meeting with them—that before I go into a country on a mission, I want to make sure the groundwork is done first, that I know why I am going there, that I know there is some potential for success, that I know we have the infrastructure there to do the follow-ups and that I have enough intelligence service that I know which people to bring with me.

When I was appointed minister, everybody kind of laughed because they said if you check the records, I am the most travelled MPP in the history of this Legislature.

**Mr Daigeler:** I will have to check that.

**Hon Mr Philip:** You can check that. It is probably true, mainly because I have been on committees that have had a lot of international trade relations and things like that. The standing committee on public accounts and the standing committee on the Ombudsman tended to have international conventions and things like that which they went to, so I got to travel perhaps more than some of my other colleagues in opposition.

I think we have to be very selective where the minister travels and where his staff travel, and make sure that we are spending the money wisely. I come from a value-for-money auditing system and I do not think simply running around the world with a group of business people necessarily gets you contracts. You may be lucky and go on a fishing trip and accidentally hook something, but I think you need a more systematic approach. That is why my ministry is now trying to develop criteria for trying to look at where it is we can have the most impact, what it is we can do. Maybe it means that we send in individual people first. I have spoken at some length with Frank Miller about this and there are certain areas where he feels I should go.

**The Chair:** I would like to have heard that conversation.

**Hon Mr Philip:** He has some other ideas for the leader of the Conservative Party that are not nearly as complimentary.

**The Chair:** Which one?



**Hon Mr Philip:** Which one? Which leader?

**The Chair:** You are out of time, Minister. Perhaps we can move back to the estimates and off the former Premier.

**Hon Mr Philip:** I would be happy to discuss that further with you, Mr Daigeler. Thank you for your question.

**Mr Carr:** I will get to more financial matters, because I know that with your public accounts background, you would love to get into that area. When you looked at some of the figures, where we are going to see some of the big increases—I hate to use this term because it has such a negative impression out there—is in the bailouts.

One of the problems I think happens is that when government says it is going to bail somebody out, whether it be an industry or a particular company, all the players in that game, which include of course the company, the union, the banks and the suppliers, immediately say, "The government is going to jump in, so all of a sudden we are not going to make concessions." The union says, "We are not going to make concessions." The company says, "We're not." The bank says, "There's no way we are going to make any concessions, because Big Brother is going to jump in with a big whack of money," and the same with the suppliers.

Often what happens is that something that might have been ironed out by the people involved is not, and a lot of money gets spent. We saw one example on page 12 where the cost includes the management consulting for all the studies that need to be done. Whereas if you put all the players in a room and said: "Okay, you come up with a deal," the company will give a little bit, the union will give, the banks will give and the suppliers will give. I want to see if you are going to attempt to change the philosophy with regard to how we approach these bailouts, first of all.

Second, how do you see that working? How do you avoid the circumstances I just laid out, where you say you are going to help out a company and then all the players in the game immediately say, "Okay, Ed's going to jump in with Floyd with the big chequebook, so we do not need to make any concessions." How do you see that evolving? Obviously that is going to be a big whack out of some of the spending you are going to have in your ministry.

**Hon Mr Philip:** First of all, I do not think it is fair to say that this government is pursuing a bail-out strategy. I do not want to argue semantics, but basically what the government is doing at the moment is responding to crisis situations in communities and industries. The manufacturing industries and the communities that depend on them have been particularly hard hit in the recession. Manufacturing employment fell 15.9% between the peak in 1989 and the trough of February 1991.

The deals our government has been committed to are specifically designed to produce better companies, and that is what we are into. We are not into bailouts. We are not going to take companies that stand no chance, because that would not only be unfair to the taxpayers, it would also be unfair to the workers, particularly with our new program of encouraging workers to buy into certain companies, as is the case with Algoma.

What we are saying is that management, workers and financial institutions have to be more focused and creative

in solutions to industries if we are going to restructure; otherwise we have to just write them off. I think this is different than throwing money at a company and keeping a company that is uncompetitive in business artificially. I think if you look at the kinds of things we are looking at in Algoma and in some of these other areas, we have to do that. We have to work with them. It may require some government money, but that is not unique to this government. Previous governments have recognized the need to provide assistance to industries that are restructuring.

To me, a waste of the taxpayers' money would be something like Minaki Lodge, where something was started with all good intentions by the Conservative government and then later the Liberals. Finally the Liberals smartened up and got rid of it. They said, "You can't continue to pour money down the drain." But previous governments have provided assistance to industry with restructuring. The Ontario winery adjustment program is one example of where that was done. Another is the substantial assistance to tire manufacturers provided by previous governments. The Ontario government also took part in Chrysler's restructuring in the 1980s. So it is not as though we invented this.

I think what we are trying to refine with this government is the process, and what we are saying is that everyone has to contribute in the process. I can tell you that when Bob Rae and I meet with the unions, we say: "It isn't just the company; it isn't just the taxpayers; it's everybody. It's the community; it's the workers. We're all going to have to bleed a little bit for a while in order to make this work. What are you going to give?"

That is the kind of negotiation we are into and I think that is maybe a little different than what has been done in the past, where restructuring meant perhaps more government handouts, well spent or not so well spent, as the case may be. That is what we are doing and I do not see it as a bailout. For example, I do not see de Havilland by any case as a bailout. I think it is an investment opportunity in a high-tech industry that is really important to this province.

1630

**Mr Carr:** I noticed too, I guess it was in the Toronto Sun on September 25, that one of our other aircraft manufacturers is in a little bit of difficulty as well. I read the report with regard to McDonnell Douglas and I think it said that you had had some meetings or were going to have some meetings. You may have already have had them. One of the circumstances is that now I think the government has said it is going to be in the aerospace industry. Hopefully the published report was not correct, but it said they were looking at a loss of about 1,000 jobs.

Now that we have said we are going to assist the aerospace industry, and that we are doing it significantly with people like de Havilland, if we are going to carry forth with this philosophy of not calling them bailouts and not pumping money into them, what is your game plan for a company like McDonnell Douglas? Maybe you could give us an idea, because if it is not going to be pumping in money, what is it going to be? Is it going to be in terms of tax breaks? Is it going to be in terms of assistance? How

are you going to be able to assist somebody like McDonnell Douglas, which says: "You said you were going to be in aerospace and it is going to be a big part of the Ontario economy. Now we're thinking laying off 1,000 people. What are we going to do?" How do you see helping a company like that?

**Hon Mr Philip:** I think you have to look at each company and the case for each company. Bill, maybe you can explain how we go in and analyse a company and show exactly what its opportunities are. We met with McDonnell Douglas this morning. I think we have come up with a statement of what we agreed happened at the meeting. I do not have the statement with me, but let me paraphrase what I think happened. We told the Toronto Sun, or at least my press secretary informed the Toronto Sun.

What you have in the case of McDonnell Douglas is basically that the aircraft industry globally is in deep trouble. We all know that. We know it is happening to Canadian Airlines International and Air Canada. We know that even American Airlines, which has been so very successful over the years, is not buying the kinds of aircrafts it was in the past.

We reviewed the situation with McDonnell Douglas and the company reviewed it with its workers. Basically, they are in a situation where there is not a market for their product. They are in the process of looking at other products that their international company may get into, but when you get into the wide-bodied jets or the large jets, which is basically what they are providing wings for, you are getting into competition with three very sophisticated, very expensive corporations that are very good in their field, but there are only a certain number of planes to go around.

For the MD-11 aircraft to be successful, you have to have sales of about 200 to 250 planes. You may break even and make a profit somewhere around 200 and 250 planes. That is a hell of a lot—a heck of a lot of planes, sorry.

**Mr Carr:** It is a hell of a lot.

**Hon Mr Philip:** They see some market opportunities coming down the line. Those are internal to their company. They have to compete the same way as other companies that are external to McDonnell Douglas, which is a good way of making companies competitive. A lot is strategic as to whether or not the international company is prepared to move on a couple of new ventures it is talking about, whether or not there are markets for those, whether or not, with getting into a new prototype of very expensive development of a plane, there is enough market out there for three of them. Having three major jumbo jets is essentially what they are talking about.

We have said we will work with them, and if they have specific proposals that make some sense, then we are quite willing to consider them, but at that time I will have to take that to—a committee that looks at potential investments and gives advice to me and to Management Board and treasury board and subsequently to cabinet. But it has to be on an industry-by-industry, case-by-case basis. We are not just going to pour money wherever somebody decides it would be nice to bail somebody out.

To their credit, they are not asking for bailouts. They are basically saying, and they have said to their union: "We've got a problem. We don't have enough sales and we're going to have to lay off some people. If sales improve, then we'll call them back." In the meantime, they are working with the union about retirement packages. The Minister of Labour, who was at the meeting this morning, said he would be willing to take back to his staff any proposals on which they might act as the facilitator. I in turn said, "As some of these proposals start to materialize, keep in touch with us and keep back on."

I think that is quite different from the de Havilland situation where 50% of the market for the de Havilland type of airplane is within a stone's throw of where we are manufacturing. I think it is quite a different sort of situation than the international large jet situation. But maybe you can give a little bit more on this. Maybe it will be useful to go through how we go through a process of where we put our investments.

**The Chair:** If I might, the questions come from the committee, so perhaps Mr Carr is satisfied with that answer, or would you like to hear Mr Corcoran give us his explanation?

**Mr Carr:** No, I appreciate that.

**The Chair:** Would you have another question?

**Mr Carr:** I definitely would, but maybe I could speak with him afterwards. We do not get the minister quite as much.

Of course, from your public accounts background, you have a good idea of being able to look at things with a fine-tooth comb. It was interesting when you talked about some of the waste. I was out in Hamilton a couple of weeks ago and there was a free trade seminar sponsored by the Hamilton and District Labour Council. David Barrett and Leo Gerard were there, and I noticed on the back it said, "Sponsors of the conference gratefully acknowledge the financial assistance of the Ministry of Industry, Trade and Technology and the Ministry of Labour." I do not know what you kicked in, whether it is \$50 or \$500 or \$5,000, but is there somebody who is now in charge in Industry, Trade and Technology, who is looking at all the numbers here? How do you see them being rearranged to make it more efficient?

I guess my feeling is that some of the other ministries do not have as much interface with businesses, and one of the things the Ministry of Industry, Trade and Technology has to do is to operate efficiently. As you know, today everybody is looking at their costs line by line, almost weekly, if not daily. Now that you have been in there, and having a bit of a background in public accounts, where do you see the restructuring happening with your ministry, and do you see any areas where you are going to be able to squeeze out some savings?

**Hon Mr Philip:** Let me answer the first question. We give an annual grant to McMaster University labour studies program to run a number of seminars. Who they invite and how they conduct the program I think is left largely to them. I do not believe the program you are talking about received



any specific grant. Are there any staff here who would be aware of what Mr Carr is talking about?

1640

**Mr Carr:** Actually, it was pretty good. Crispo was there, and some others.

**Hon Mr Philip:** I believe a question was asked on that of my predecessor in the House on that at some point. It seems to me I remember something about that, and I believe at the time he pointed out that there were a number of people from both sides.

**Mr Turner:** No, it was from McMaster.

**Hon Mr Philip:** So it is McMaster University, and I am sure you would not want to interfere in intellectual integrity.

**Mr Carr:** No. What I would like to see is that you do not give them the money *carte blanche* and say, "Where do you go?" Obviously it is money. I guess this is a little bit of the symptoms. Here we are and Lord knows what it is; it might even be a small amount. But now that you are looking at these big numbers, where are you going to make it more efficient in terms of any restructuring, any changes in the way it is done, any areas where you can see some cost efficiency? I think industry is looking at it and saying that the perception of the public out there is that the government is a little bit bloated. It would go a long way if you were able to say, "Businesses are restructuring, de Havilland is restructuring, and this is how I as Minister of Industry, Trade and Technology see my ministry being more efficient." Have you given any thought to that process at all?

**Hon Mr Philip:** I have been in the job about six weeks, and one of the things I have said to my ministry is that I want to be fully aware of all of the operations—I have been going through each of them—and that I want value-for-money auditing done in each of the areas. So we are proceeding to do that. I have also said, as I did with the Ministry of Transportation, that I want to personally see any of the reports of the Provincial Auditor, even the initial studies, that may cause him to question any concerns, as I do any studies or inquiries by the Ombudsman, because I think these external objective analyses are very helpful to our ministry.

Also, we are looking at our whole internal audit function and I quite frankly have not had a chance to really sit down and go through it item by item, because my first priority was to try to find out what industry's views were of the present state of the economy and to meet with as many people as I could. That is certainly high on my agenda.

I have had some anecdotal things that I thought were perhaps a waste of money. I said to Mr Daigeler earlier that I thought some of these whirlwind trips, unless they are very focused, may be a waste of money. But I think we have to do it systematicall. One of the things we are doing in the international field is trying to look at where our priorities should be, and that to me is a value-for-money sort of exercise. Coming from the think tank, Buffalo experience, which I bother my staff with from time to time—this staff has not experienced it nearly as much as the Transportation staff, but you will get it all—I think there are

good systems and ways of evaluating things and we have to do them, but so far we are at an early stage of doing it.

I think my deputy would like to add something to that.

**Mr Armstrong:** The question is a good one. There was an in-year reduction this year of \$14.2 million, and in assessing where that reduction was going to come from, we did indeed look at the other direct operating expense items. I think Mr Daigeler referred, for example, to transportation and communication, and really raised a question as to the validity of this cut that we did in ministry administration. We made a substantial cut in that item.

**Mr Daigeler:** Ministry administration went up.

**The Chair:** We will revisit this, Mr Daigeler. I know your points are valid, but let the deputy finish. We are wanting to move to the next item.

Mr Wood corrects me. The proportionate increase in transportation and communication in ministry administration was far less than in the other operating areas; that is to say, international trade and international relations support and in the Ontario Development Corp program areas. There was a small increase there and the savings we effected are mainly in the administration areas.

Similarly, in all of the other direct operating expenses reductions, for example in small business and in the other fields, we were looking at things like unnecessary travel and reducing unnecessary communications. Faxes and reducing the incidence of hiring for temporary purposes are big items; those are areas where we can, I think, by working smarter, and frankly harder, affect reductions. Without getting into individual program areas, I would say the basic areas are in the other direct operating expenses, where we have simply got to be more careful and prudent about the nature of the expenditures.

**Mr Johnson:** Since its implementation some time ago, the US-Canada free trade agreement has had a devastating effect on manufacturing in the province. There are other factors. There have been global pressures and internal and external pressures within the province. Presently we find ourselves negotiating a North American free trade arrangement. I was wondering if you could give me your opinion on the present agreement and the role Ontario is playing in this agreement, which will obviously impact on Ontario and obviously be important to our future.

**Hon Mr Philip:** As I indicated earlier, I have expressed my concern to my federal counterpart that we be well informed as to what they are doing. The staff has informed our people, but I think it is time for us to sit down with our federal and other provincial counterparts and look at it. I recognize there are two provincial elections going on, which means that in some cases it may have to be the deputy ministers or staff people who will be part of the discussions.

I guess the chief negotiators—such as John Weekes from Canada, who has informed my staff; Peter Sadlier-Brown can inform you on an update on this—the chief negotiators are expected to meet. They are meeting on October 9 and 10. The trade ministers are scheduled to meet on October 26 and 27. My concern was that we certainly get on with it and be updated as quickly as we can.

In terms of our concerns, we were concerned about it initially because in terms of a North American free trade agreement we took the position that some of the industry groups took, namely, that we were just trying to deal with the fallout from the American-Canada free trade agreement and that it was premature to move into the Mexican talks at that time until we knew the full impact of that. Ontario cannot afford to lose any more manufacturing jobs to either Mexican or US producers. We are not only worried about the direct effects of NAFTA on Ontario's economy, but also future indirect effects that may prove far more serious than the macroeconomic studies could show today.

1650

Talks are going on. We have no way of stopping them, but we at least want to be there and voice our concerns about Ontario's interests. That is why I think it is important that we get the ministers together as soon as possible, and we will certainly be active participants.

**Mr Johnson:** I would like to add, though, that I think the negative effects of the current free trade agreement we have with the United States are obvious. In my opinion they are one of the major factors for the terrible recession Ontario is facing. Although there are other lesser factors, I think it is one of the major factors. Does the minister have a well-formed opinion or maybe a preliminary opinion as to what kind of major negative effects a North American free trade agreement might have? Are there indeed some positive things that might come out of this agreement? Personally I am not optimistic.

**Hon Mr Philip:** I think you can get as many opinions on that as there are economists and politicians.

**Mr Daigeler:** What did you say during the election?

**Hon Mr Philip:** I think a lot of people said things during the election which—

**Mr Daigeler:** Which they regret later on.

**Hon Mr Philip:** I recall a certain Premier who said he had a veto to stop free trade, and suddenly the veto disappeared.

**Mr Daigeler:** That is what you say.

**Hon Mr Philip:** No, that is what I believe David Peterson said.

**Mr Carr:** Bob Rae said he would lead the revolt.

**Hon Mr Philip:** I do not recall what Bob Rae said. I was not reminded as frequently of what Bob Rae said as of what David Peterson said. But what I have said, and I know this may not wash well with some people, is that The deal is there. Now, with any kind of deal there are downsides, and there are a lot of downsides to what we have negotiated. Particularly in the transportation industry I think there were very many downsides. I think we gave away too much and got nothing in return.

Having said that, I think surely there are also some opportunities with free trade. I am sure that even the most strident opponent of free trade would admit that there are some opportunities as well. What I would rather do is work with industry and say, "What are the opportunities and how can we capitalize on them now that it's done?" Sure, if there were a federal NDP government—I am not

sure what Mr Chrétien's position is because it seems to change from time to time, but maybe even a Liberal government—it might renegotiate sections of the free trade agreement. But I cannot deal in hypothetical situations. I do not know who the federal government is going to be in Ottawa. I did not think Brian Mulroney would be Prime Minister for another four years, and he pulled it off.

**Mr Daigeler:** We did not think Bob Rae was going to be Premier of Ontario.

**Hon Mr Philip:** I am sure a lot of people did not expect that I would be sitting here as the minister. So I am not interested in dealing with hypothetical situations. What I am worried about is dealing with our industry now. What can we do about it and where are our opportunities? I think we can be very competitive with the Americans in certain products. Ontario is particularly worried about labour-intensive sectors as we move into Mexican products in the US market: wood and paper products; textiles and clothing; metal-fabricating industries; machinery and equipment, including appliances, which can be manufactured fairly cheaply in Mexico; electrical machinery; electronics; furniture—just to name a few. So it does pose some real challenges to us.

Having said that, I would like to ask, where are our strengths and what can we do to work with industries like the aerospace industry and the value-added industries so that we can sell the kinds of things we can sell? Our engineering is the best in the world in terms of turning out the green industries—the sewage treatment plants and so forth. As for our hydro technology, we are presently selling generating plants in a number of countries, and that provides us with unique opportunities. There are unique opportunities in the whole electronics software area. General Electric and other companies look very favourably on Ontario as a place where they can get high-skilled workers and so forth. We have to start concentrating on those and selling those kinds of products around the world.

**Mr O'Connor:** Minister, I want to thank you for spending some time with us at this estimates committee hearing—

**Mr Daigeler:** He has no choice.

**Mr O'Connor:** —though, of course, as Mr Daigeler said, you've got no choice.

One area I want to look at deals with small business. I have noticed, in going through the estimates book, that the number of seminars targeted for the next year seems to be down significantly, though the client inquiries have not dropped that substantially. I am looking at page 41 of the briefing book that has been provided. I wonder if perhaps somebody from your staff could relay why the seminars have been targeted at less. It might be just me. We are going to be looking to small business for a great deal of help in coming out of this recession, and I wonder if we are targeting them with the necessary importance.

**Hon Mr Philip:** Peter Friedman would be happy to initially answer some of those questions, but perhaps I can add that I consider small business of particular concern. One of the concerns I have is that if you look at the figures for small business—maybe Peter can elaborate on this,



because it is an interesting thing we are trying to come to grips with at the moment. If you compare Canada with the United States and look at the graphs, am I right, Peter, in saying that we have roughly, proportionally, the same kinds of success rates with small business as the United States?

The big problem that we have is that unlike the United States, there is a smaller percentage of small businesses that grow into medium-sized businesses. That is where we have to look at what is going on and what kinds of things we can do as a government to help those small successful businesses grow into medium-sized successful businesses that can operate in a global market.

We are working on a variety of programs. We are developing some new programs, such as the restructuring fund and a number of other things, that we have been doing since we became the government. Peter, would you like to add to that and lead us through some of the answers?

**Mr Friedman:** I think it is important to look at the whole approach we take to small business. Initially we started out with a whole program on business startup. We take people through a series of activities. The activities go from a starting a small business publication which people can read at home through some seminars in which we dialogue with the people, followed by a series of self-help centres we have opened up.

The reason for the changes in the balance of what we do is that we have had seminars for a number of years and the number of people attending seminars in communities has been down. As you noted, the client inquiries are the same. We now have 26 self-help centres around the province. We discovered that people wanted more of a one-on-one discussion with our people in terms of their business plans.

When we started this, we did not have a network around the province so that people could do this. Now, in partnership with municipal governments, we have 26 centres people can walk into, in most parts of the province. We are able to deal with 50,000 of those people in our self-help centres. As a result, the number of seminars we have to give is less, and we target them more to areas where we do not have self-help centres. So we are still able to deal with a mass market client group, such as 175,000 inquiries, through our various networks.

Besides the things I have mentioned, we also have a toll-free hotline that we set up to try to minimize the frustrations of an entrepreneur who wants to find out what he or she has to do in terms of the rules from the governments. That hotline is getting inundated with about 800 calls a day from around the province.

1700

That is what we have been doing on startups, and our program is continuing to expand. We modify the tools as people seem to require them. The most recent changes we have made involve the ethnocultural community, as we found initially that at these general seminars we were not quite getting the ethnocultural group. We have now set up an ethnocultural self-help centre at George Brown College, on the Kensington campus. We have put kiosks in 15 ethnocultural associations and we are now disseminating the knowhow to all these people.

To follow up on the minister's point, we had a partnership conference with all the players in entrepreneurship around Ontario last fall. The feedback we received was that we had quite an extensive program for business startup and were touching most of the bases. However, the feeling was that as we were getting into the recession, there was a need for programs for growth, not just startup. So we initiated three new programs to deal with growth for people. Those are now in operation and we are beginning to disseminate that system.

**Mr Daigeler:** I wish to come back to the facts and figures in the book, because I found the first round quite enlightening.

**Hon Mr Philip:** This is marvellous, for a philosophy major to be actually dealing with the bottom line.

**Mr Daigeler:** Isn't it? I love the bottom line too.

**Hon Mr Philip:** I find this quite intriguing.

**Mr Daigeler:** The church is often very involved in the mundane aspects of life as well.

**Hon Mr Philip:** Sometimes very legalistic as well.

**Mr Daigeler:** Turning to page 7 at the top, while I criticized you before for cutting back on the international relations program, I note here that on the capital side for the international relations program, there is a 120% increase. In fact, you seem to be spending \$15 million more than last year. Why is that?

**Hon Mr Philip:** That is great. It just means we are successful.

**Mr Daigeler:** What does that specifically represent? What are you building?

**Hon Mr Philip:** We are building new contracts, new ventures and we are putting deals together. That is what that means, and that is success.

**Mr Daigeler:** Can you be a bit more specific? Can you put something together in writing as to what this represents?

**Hon Mr Philip:** That is largely the Ontario development corporation's grants and loan guarantees. That means it is actually deals that are being put together to develop new corporations. Is that the correct answer?

**Mr Wood:** I will speak to it. I apologize for the minister because he has just referred to the wrong page. It was my fault. In fact, this is the first year the government split its budget—in the estimates process, I should say—into operating and capital. In setting up the capital, we moved from operating to capital under the new designation "special industrial assistance," which makes up the biggest part of that new number. The rest of it is related to an anti-recession program, the \$3.5 million which is in the industrial part, for that increase. I think that basically ties up the whole number.

**Mr Daigeler:** Can I get the precise list of where that money went?

**Mr Wood:** The money is within the ministry's allocation for its programs for financial assistance, under those two programs. We can tell you what the status is within this fiscal year.

**Mr Daigeler:** I would appreciate that. You were talking about special industrial assistance. I am interested in

knowing exactly who is being helped here. I do not know yet, so I am not prepared to criticize it.

**Mr Wood:** We can provide the year-to-date expenditure at this point in time.

**Mr Daigeler:** I just would like to know to whom that is going. Why is there such an increase?

**Mr Wood:** This is the first year the government is separated into two categories, operating and capital. We identified that for 1991-92 we would have an increase in the capital program. We moved from our operating to our capital the amount of approximately \$16 million or \$17 million. It was an adjustment in bookkeeping. This is the first year of separating the two. We moved it from one category into another.

**Mr Daigeler:** Can I look forward to something in writing then?

**Mr Wood:** I can give you the details as to where we are at this point.

**The Chair:** Mr Daigeler, do not be shy about requesting further information in writing.

**Mr Daigeler:** I did. I think it is understood I requested that. Minister, you have indicated you may prioritize the areas of the world where you want to encourage trade opportunities. Can you give us an indication where you see the primary potential for Ontario today?

**Hon Mr Philip:** We are looking at that, obviously. My assistant deputy minister might like to add something to this, but certainly we have to have a higher presence in Mexico. Mexico would also cover a lot of Latin America. We have to look at how we want to do that, whether we open up an office, contract with someone to handle our interests there or whatever.

Another area I think is worth looking at is how we position ourselves as South Africa eventually becomes more democratic and more acceptable to the rest of the world. I think we are looking at that possibility. We intend to appoint a full-time, permanent agent in Delhi fairly soon. India has liberalized trade in the last two and a half or three months. Time flies very quickly. Somebody will make me a liar for the sake of a couple of weeks. Those are a few of the areas we are looking at. That does not mean we are going to put in an office overnight. It does not mean it will necessarily be an office. There are various ways of servicing. In the case of India, we do have an office in Delhi, of course.

**Mr Daigeler:** I am rather curious why you would single out Mexico.

**Hon Mr Philip:** With NAFTA going on, we have to have a fairly close handle on what exactly is going on in the Mexican economy. I think we have to have a listening post there at the moment the same way as we have several listening posts in the United States.

**Mr Daigeler:** I can see the need for a listening post, but I guess you do not see that necessarily as a place to do increased business for Ontario companies.

**Hon Mr Philip:** Just as free trade had some downsides with the Americans, you have to recognize that trade with Mexico also has some upsides. On trade with

Mexico, we have to look at opportunities after that happens as well. It is not just a matter of saying, "Oh, my goodness, look at what's happening to us." We have to understand what the impact is on our industries. Therefore, it is important that we have people there on the ground in some form. I am going to ask my ADM in charge of this to comment further.

1710

**Ms MacKay-Lassonde:** As I mentioned previously, we are doing this study. It is in the final stage. However, at this point I cannot give you the details. Let me give you some examples of the things we are looking at. We mentioned Latin America. Within Latin America we will be more specific as to the actual countries where we feel we have a competitive edge over other countries. For example, the minister has mentioned Mexico. When we look at Mexico we look at the high growth potential of that market, the kind of product they will be needing over the next three to five years. We look at the barriers or non-barriers to entry into those markets. We look at other competitors in those countries and how we fare in comparison with those competitors. I am just mentioning a few of the criteria we are examining.

In Latin America, Venezuela and Chile are seen as potentially very high growth markets over the next few years. If I switch to Europe, we have the Four Motors agreement right now with Germany, Baden-Württemberg; with Italy, Lombardy; with Spain, a very high-growth area in Europe, Catalonia; and with France, Rhône-Alpes, which is also a very high-growth economic area of France. In those four areas of Europe we have a bridge already. We want to take advantage of these bridges with those countries to be more competitive in comparison with other competitors. In the US—

**Mr Daigeler:** I am sorry to interrupt you, but the purpose of this whole exercise is to get as many questions as possible. I would appreciate if the answers from the minister and his officials are relatively brief so that we get many chances to find the information we need.

**Hon Mr Philip:** I thought that was a brief answer.

**Mr Daigeler:** Yes, that was brief, but I think the minister's is another matter. Certainly we instituted the emphasis on—

**Hon Mr Philip:** My experience of—

**The Chair:** You have a lot of experience interrupting people.

**Mr Daigeler:** I know what you are up to, Mr Philip.

**The Chair:** I would appreciate if you would just respond to the process, now that you are on this side of the table.

**Mr Daigeler:** I appreciate the emphasis on the Four Motors in Europe. Certainly the former Premier, Mr Peterson, was very supportive of that process. I am glad the new government is continuing in that area. Speaking of Europe, how do you see opportunities with the eastern countries? With the dramatic changes we have seen, how are you taking advantage of those? You have not mentioned that at all. It is almost like a new world opening up. What is your



reaction? How are you pursuing the contacts with all of eastern Europe?

**Hon Mr Philip:** We have been meeting with some of the representatives of eastern Europe and we are in the process of trying to sign agreements in terms of how we will relate to those countries. I think it is important we understand that on March 11, 1991, we signed an agreement of economic trade and technology co-operation, which I think was a key to our marketing strategy.

**Mr Daigeler:** Which one was that?

**Hon Mr Philip:** With the Russian federation. We are looking at signing similar agreements with other countries of what used to be the Soviet bloc. I have been meeting, as have my staff, with some of their representatives. We are also trying to work out the best way of helping our business people communicate with their governments. Sometimes our business people will go over and spend a great amount of time in a country, going from one department to another and not getting anywhere. We have been exploring ways in which certain people can be assigned by those countries to helping our companies get through the bureaucracy. Then we in turn can have certain people who will relate directly to them.

I think we also have to look at the individual sectors and work with them in developing agreements and understandings. Numerous opportunities for Ontario companies are being identified by the Export Development Corp: line of credit, when it is available, what the most promising areas of supply are, process technologies, telecommunications, environmental protection and general upgrading of production facilities. There are a number of opportunities for us in eastern Europe, but certain countries look more promising than others.

**Mr Daigeler:** I would like to leave the thought with you that eastern Europe is the place in the world where Ontario should be present so that we can participate in the changes, hopefully the good changes, that will be coming there in terms of the economies. I hope you will encourage your ministry to make every effort to take advantage of opportunities there.

**Hon Mr Philip:** We are sending delegations over there. For example, we had a delegation to the Baltics that we think was successful initially and that hopefully will produce some business.

**Mr Daigeler:** From and through your ministry?

**Hon Mr Philip:** Yes.

**Mr Daigeler:** Getting back again to the facts and figures on page 6, basically loans and investments are down by 10%. Why is that? What does that represent?

**Mr Wood:** I will update you on both of those numbers. In breaking out the estimates this year into operating and capital, one of the difficulties in the ministry is that it also has a budgetary and non-budgetary side. At the point of constructing the budget for 1991-92, it was identified that under industrial assistance we probably had a requirement for more repayable grants than we did for loans at that time. However, as this year is carried out that might not be

the case. I will give you the updated information as I get it and present it to you tomorrow.

**Mr Armstrong:** I come back to a point that was alluded to earlier. I think it is misleading to look at the ministry in the absence of the work of the Ontario development corporations. Under new initiatives this year, we have a very substantial manufacturing recovery program and substantial increases in the amounts available under a program called Innovation Ontario, which is a venture capital project of very substantial dimensions.

Without getting into bureaucratic arguments about autonomy, the Ontario development corporations are very much a part of the ministry operation. The grants and loans and so on under the development corporations are part and parcel of an integral ministry program to assist business. If you look at those as part of an integrated whole, our capacity to assist industry is well up this year.

**Mr Daigeler:** Could you refer me to where that is listed? I was going to ask you about that. I was going to ask the minister in particular. When I look at the Eastern Ontario Development Corp, the area I come from, it is down by 11%.

**Mr Armstrong:** You are looking at page 55.

**Mr Daigeler:** Yes.

**Mr Armstrong:** The Eastern Ontario Development Corp is down. The other corporations are up. For clarification, I think it might be helpful to have Mr MacKinnon come forward and explain how his programs, which are substantially increased in aggregate, are operating this year.

**Mr MacKinnon:** I am David MacKinnon, chief executive officer of the development corporations.

As the minister indicated, we are particularly active in two new areas: the enhanced Innovation Ontario and the new anti-recession program. We are also involved in the special capital projects program, as indicated, through the construction of new buildings in our industrial park and the refurbishing of existing buildings.

In addition to those three specific new initiatives, overall program volumes are up dramatically, including some programs which are not specifically broken out for eastern Ontario. For example, one of the largest programs we operate is the New Ventures program. It is the guarantee program for startup enterprises. It has shown an expanded presence in all regions of the province over the last two or three years.

1720

Overall, that is our activity. There are some components that may drop for a particular period of time, due to program demand, due to other factors, but we find that when that happens the patterns revert to more normal levels in subsequent years. It is impossible to ensure a complete budgetary consistency from year to year.

**The Chair:** If we have completed that, I would like to move, in recognition of the time, as is my mandate—

**Mr Daigeler:** I have not finished.

**The Chair:** Your five minutes are over now. You may as well be seven minutes over.

**Mr Daigeler:** Perhaps you could put this on the record for tomorrow. I wish to know in detail why the Eastern Ontario Development Corp is down by 11% and whether that relates to the fact that there are so few members on the government side from eastern Ontario. I would like to have a good explanation on this item.

**The Chair:** You are requesting that of—

**Mr Daigeler:** The minister, obviously, and he can direct it whichever way he wants.

**Hon Mr Philip:** I assure you I told my staff, both here and in the Ministry of Transportation, that politics were to play absolutely no part in deciding where money goes or where roads go. I think that if you look at my record in Transportation, you will find that certain opposition members actually got more funds than anybody else. I am looking at one member here who, if we look at money that is going into his riding—

**Mr Daigeler:** Who is that? It is not mine.

**Hon Mr Philip:** —in terms of certain investments, is probably doing better than a lot of government members.

**The Chair:** Then again, we do not want to be political.

**Mr MacKinnon:** I have one question for clarification for the committee. When you were referring to volumes, about applications for ODC or were you talking about expenditure approvals? They are two different items. What were you talking to when you indicated that they were much expanded?

**Mr MacKinnon:** Both. The number of people we actually finance is a relatively small proportion of the number of people who come to see us, typically one in five, one in 10, those kinds of ratios. The applications are up but so also are the actual numbers of approvals under the existing programs. Of course there are new initiatives, the ones the minister referred to at the beginning.

**The Chair:** Are you talking about dollar volumes or individual applications? You can actually have less money spent with more applications. I just want to clarify what you meant by volume.

**Mr MacKinnon:** In general, both the number of transactions and the dollar volumes are up, year over year.

**Hon Mr Philip:** I think it might be helpful if we explained that certain types of programs have a very slow takeup at the beginning. They tend to increase later on, because it does take a while for these to work their way through the system.

**The Chair:** Mr Carr.

**Mr MacKinnon:** Would you like me to review that, Minister?

**The Chair:** You are at the pleasure of the committee and I have recognized Mr Carr. I appreciate that, Mr MacKinnon. You may stay there in case Mr Carr wishes to pursue a line of questioning, but unfortunately this committee is not an open forum. It is in rotation and I must respect that until the committee directs me to do otherwise.

**Mr Carr:** I will come back to it in a minute, if you want to stay put. I want to jump into another subject very quickly.

One of your most difficult responsibilities, Minister, is around the cabinet table pushing the initiatives. Back in June, I received a letter back from Bill Firstbrook of the Canadian Steel Service Centre Institute. He put together some of the concerns he has. I will give you a copy to take a look at. He talks about a number of initiatives he has some concerns with. They are listed. There is a great deal of correspondence. Some of the officials may be aware of it, because if they have had any part in some of the correspondence, they will know they prepared it. He has put together some of the reasons cited and has put together some of the permanent shutdowns and jobs lost in steel—consuming, manufacturing, tonnage lost and so on.

Actually it would be interesting for you too, because you can grab some of the information there to slam the federal government with. He talks about provincial and federal, so there might be some material for your next speech about the federal government.

One of the concerns that has been voiced deals with the whole question of taxes. Payroll taxes, in particular, he voices as one of the big concerns. As you know, the Fair Tax Commission is going to look at it. How are you going to interface with that particular committee? The Canadian Federation of Independent Business, the chambers of commerce and the Canadian Steel Service Centre Institute say that payroll taxes are one of the things driving jobs out of the province. How are you going to interface and ensure that like wage protection, which some people have concerns will turn into a payroll tax? What is your personal feeling on payroll taxes and how are you going to fight for that with the Treasurer and the other members of cabinet?

**Hon Mr Philip:** I wonder if Peter Friedman would like to respond to that. Peter has been doing a study of numerous problems related to taxation. I think he can give us some background.

**Mr Friedman:** We are going to approach the whole tax theory—particularly relating to small business, which is where the payroll taxes are the biggest problem—in two different ways. One is that the parliamentary assistants' committee is going to make a presentation to the Fair Tax Commission on the whole area of taxation for small business. The other is that we in Small Business Ontario are working with the tax policy unit of Treasury, the contact with the Fair Tax Commission. We have some of our staff liaising with the Fair Tax Commission on a number of the programs it is running. The Fair Tax Commission has working groups in a number of areas. When it comes to small-business-related things, and the payroll tax is one of those, some of our staff work with them through Treasury.

Those are the two ways we are in close contact.

**Mr Carr:** I was reading through some of my files. The back page of the Financial Post last Friday stated, "Ontario Trails the Pack." "Ontario's tax competitiveness in manufacturing has fallen behind the neighbouring provinces and the United States since the mid-1980s." This was a Conference Board of Canada study of the four jurisdictions compared. Ontario taxes its manufacturers the most. They talk about Petro-Canada and telecommunications. As the minister has said on many occasions, here we are talking



about getting into, high-value, high-wage-type industries, and yet as the conference board has said, we are literally taxing them to death.

I appreciate all the work you are doing. How do you see your role in ensuring that Ontario does not fall behind, as the conference board said, in terms of taxes. When all these studies come out and say, as they inevitably will, as the conference board said, that our taxes are too high in this province, how are you going to sell that to your cabinet colleagues?

**Hon Mr Philip:** First, you are jumping ahead to a conclusion which I do not think we have made. A lot of the information is anecdotal so far. If I sound like the federal Minister of Transport, I have to say that before the studies come in we are not certain what the results will be. I do not want to prejudge the studies. I know that in certain businesses, not just steel but in the transport business, people in the industry say, "We're overtaxed," and the federal Minister of Transport says: "You're not. I've got some indications that you're not overtaxed compared to Americans." The only way to get at that is to really find out what is going on.

The other thing you have to understand is that the problems of the steel industry are not exclusively related to any one factor. If you look at what has happened with the mini-mills in the States and the kind of competition that they are giving us, that is a problem. On the other hand, if you look at a company like Stelco, which traditionally has been—I do not think it would object to this label—a somewhat conservative company that always felt it would be around and things would happen for it, with the pressures of the competition in the States and so forth, it is turning around and developing new products. Their latest product line of copper-coated steel is actually coming in much cheaper than the American equivalent and they think they can be highly competitive.

1730

There are some other good things happening in the steel industry as well. I do not think it is any one item. I think we can be competitive in a number of ways. Stelco has just shown that. It seems to be out of the woods, so to speak. Stelco has said: "We're not going to scapegoat any one person. We're going to look at ourselves and see how we can become more competitive in this market." They have started to do it with new products. The timber industry is starting to do the same thing in terms of developing specialty products, along with some assistance from our ministry and from the Ministry of Natural Resources. There are things happening. I do not think we can blame it on any one factor. It is just too complicated to write it off that way.

**Mr Carr:** Getting back to the original question with regard to the tax situation, let's be very blunt about it: I know you have met with the Canadian Federation of Independent Business. They talk about how the confidence of the small business firms has been severely shaken by the actions taken by this government. They point to things like "the bloated projected deficits reaching years into the future, effectively doubling the provincial debt." What business is saying is that somewhere down the road somebody is going to pay that. It may be the individuals; it may be business.

I know you can get off into other things, as you did with Stelco, but when it comes to the tax structure, what assurances can you give to the business community? By the time the Fair Tax Commission reports, Lord knows how many businesses will already have gone out of business. What assurances can you give, as the minister responsible for industry, that you are going to attempt to hold the line on things like payroll taxes?

**Hon Mr Philip:** I do not think it is fair to say that all small business, as you indicated, was against the last budget. I have not found that when talking to people in the small business community. As I went around speaking to many of the ethnic-Canadian business clubs, a lot of them associations, many of them were saying: "It was a good budget. It was the kind of thing that would have been done in our countries. It makes sense to fight a recession. The other provinces and the federal government were wrong with their budgets." As I talked to some of the construction companies around the province, they said, "The anti-recession program made a lot of sense because it kept me in business. It allowed my construction company to do some work I wouldn't have had until perhaps next year or a year later and it allowed me to make the payments on my machinery and stay in business."

A lot of them are more sophisticated than you think. A lot of them do not just simply look at the deficit. They also say, "How did we get at that deficit and what's the government going to do about it?" They recognize that a large part of our deficit was because of cutbacks from the federal government and that we had no choice. With the federal government having downloaded that \$3.5 billion, with revenues down and having inherited a deficit to begin with—when times were good, we did not provide for the rainy day—it was not our fault.

If we continue to simply say we will have a deficit of close \$10 billion this year, so in four years we will have a \$20-billion deficit, I think that would be acting irresponsibly, but that is not the position of the Treasurer and it certainly is not the position of the treasury board. The Treasurer is making a statement tomorrow and you will see what you shall see.

**Mr Carr:** We will await it anxiously.

I go around and meet with some of the business leaders. I have a Toronto Star article here. I will not bore you with the details. Not to get too political, the group that is fighting some of the labour relations amendments, the More Jobs Coalition, has been very very scathing in its attacks. As a matter of fact, when you read them some of their language is even tougher than opposition parties have used. Business community people who are out there said this will probably be even more important than the budget and the deficit that we are looking at, the single biggest factor to drive business out. I know the line that has come from the Premier and everybody else is that these are only proposals and that they are only looking at them. I want to see what your thoughts are specifically on that, what you see, and as the voice for industry around the cabinet table what you would like to see if you had your wish with some of the changes. How would you see it coming about?

**Hon Mr Philip:** People are commenting and getting excited about something they have not really seen even a preliminary draft of in terms of—

**Mr Carr:** They have the cabinet document.

**Hon Mr Philip:** The cabinet document is not the preliminary draft on which the legislation will be based. It was basically an early draft and any of us who have been around here for as long as I have know that there are drafts, and then there are more drafts, there are other drafts and so forth.

Some of the hysteria out there really is hysteria and is very destructive, the kind of thing that happened yesterday where people were saying that somehow this government was going to put a capital gains tax on people selling their own homes. I have been on treasury board, and on Management Board. I have missed very few cabinet meetings that I can think of, except when I had to be out of town on government business. This is something that never came up. In caucus, and there are caucus members here, it was not even considered, at least not in my presence. I think I would be one of the first people they would come to and talk to about it.

There is a lot of hysteria out there, and I do not think it has been all that helpful. Some of the people who have been stirring up the hysteria have not been terribly helpful to Ontario any more than the people, whom most business people call irresponsible, who put ads in the Wall Street Journal. I do not think that is a great way of building wealth in Ontario.

Most of the people I have talked to say that they are operating in Quebec. Quebec has a fairly progressive labour relations act and people are not leaving the province of Quebec as a result of that act. Some of them may be leaving for other reasons at various times, and some other people are also investing in Quebec at the moment, to their credit. All I can say is, judge the act when it is there.

My ministry is bringing any concerns we may have as we go through this dialogue of exactly what is essential and what is non-essential in the Labour Relations Act. When people see the end product, some people will scream. Some people did not want medicare either years ago and said it would bankrupt the country. It has not bankrupted the country. I think the majority of people will realize that the final product of the Labour Relations Act will not hurt them.

I have had some of the bigger companies actually come to me and say, "That draft cabinet document doesn't mean a hell of a lot to me because we're doing all that stuff anyway ourselves." I am not saying that the leaked cabinet document, whatever it was that got out there, is anywhere near what will eventually be introduced, but even if it was, people said, "If that's all you're introducing, we're doing it already." So there is a variety of opinion out there.

**Mr Carr:** I can appreciate that you do not want to tip your hand because obviously your thoughts come out in the solidarity of cabinet. I would have liked to have heard what you would like to see, but I can appreciate that sometimes you cannot say that because if it is a little bit different,

they will say, "There it is, he didn't get what he wanted and Floyd or somebody else got what he wanted."

The Canadian Federation of Independent Business talks about the bloated deficits. They refer to Bill 70 as the Bill 70 fiasco, and say it is a demonstration of the government's general lack of understanding of business realities. They talk about the prospects of favouring unions more in Ontario's unbalanced labour laws. They talk about the 11% increase in the minimum wage. They talk about no action to check the government overspending streak which was begun by the previous government, with no relief from the merciless burden of payroll taxes. Then they sum it up by saying: "All these have taken their toll. Despite all the talk about partnership, this government is seen not only to be anti-business but anti-small business."

1740

In spite of all the calming rhetoric that comes out, the fact is that the business community is very scared out there, whether it is for legitimate reasons or not. What I would like to know is, what can you point to as some concrete action on behalf of your ministry that will calm the fears and say, "At least around the cabinet table we have one guy in myself as a minister who is going to be fighting for some of your demands"? What can you point to?

**Hon Mr Philip:** I think I have already calmed a lot of the fears by meeting with more business people than probably any previous minister, with all due respect to any of my predecessors, in a short period of time. That was motivated by my feeling that I had to meet with as many people as possible so that I could get a grasp on the ministry as quickly as possible.

The fact is that we did change Bill 70. That was done. So we have shown that we are able to listen to people. We listened to the concerns of the insurance brokers and people in the insurance industry. We looked at what amounted to a major initiative, but we also looked at the fact that Ontario, unlike other provinces, is the centre of the insurance industry in Canada. We decided that while public auto insurance would save the consumer money, and I believe that—

Interjection.

**Hon Mr Philip:** I am sorry, but I do believe that and I think we can prove that. I can tell you that the legislation we are introducing certainly is more popular with more people than the stuff that was introduced by the Liberals.

When push came to shove, we looked at what the downside would be of things we had thought we would do and if it was worth it for the advantage we would have of saving \$40 or \$50 a year on a premium. We decided it was not worth it at this point in time in the message to business—I was more concerned internationally than just nationally—through the dislocation of, what was it, 13,500 people and eventually the elimination of 6,500 jobs. To the credit of the insurance companies, they were able to do some things in terms of their own restructuring to turn out a better product at a cheaper price, some would say under the threat of public auto insurance; I would rather say in co-operation and talking to the government in the recognition that they had to turn out a better product.



I think all those things showed we were flexible and willing to change our position. I can tell you that it was not an easy decision. There are a number of people in our party to whom I have had to explain why we did that. I have to show them figures and when they see the figures they say, "Yes, it just would not be worth this amount of dislocation at this point in time for this advantage."

**Mr Carr:** I want to get on to some of the loans from the Ontario Development Corp.

**The Chair:** It would have been great, but unfortunately we have run out of time, so we will move to Mr Wilson.

**Mr G. Wilson:** I want to thank you for answers which I find complete and informative and certainly give us a good idea. Mr Carr seems to think you have not tipped your hand on a couple of things and I think your answers very clearly do that. For someone as sensitive as he is to what is happening in the world that he gets through the media, I am surprised he has not seen what is happening to the south of us where there is a lot of concern about their problems and the number of jobs they have. A report yesterday showed the homeless in Washington, for instance, who have just been tossed out on the streets. I would say that for the capital of the leading industrial nation in the world, it is quite a disheartening and dismaying development that even it cannot solve its problems.

I think that shows that this thing is on an international basis which you made clear in your answers, that we are working in an international setting. That is where the need for the value-added jobs is found, as you have mentioned a number of times today. We have to find the jobs that will allow us to compete in a global setting. That being the case, I think a co-operative effort has to be found which you have suggested.

One of the things that is happening here with the dislocation that is occurring is that a lot of plants are being left empty. I was wondering whether the ministry has looked at that situation. In my own riding, for instance, a firm came in a couple of years ago and has now left. That is an example of a plant that potentially will sit unused, and I was thinking that this is an area that bears looking at so that this investment is not lost. I was wondering if the ministry has looked at this and what kind of program exists.

**Hon Mr Philip:** Yes, we have. I must say that I have been in your riding a few times and I am looking forward to speaking on October 9. I chose to speak in your riding, much to the consternation of my wife who wanted me to go with the King and Queen of Denmark to see the Phantom of the Opera. But instead I chose to be with you for the Shaping Our Economic Development Future. It is too bad this is not on television, but between 7 and 9:30 I will be with you on that night.

**The Chair:** This is starting to sound more like the Carson show every minute here.

**Hon Mr Philip:** On the Carson show, the chairman smiles, but anyway.

**The Chair:** I would have a sense of humour if I was making his money.

**Hon Mr Philip:** In answer to your question, my ministry has implemented an industrial property listing system that provides current, comprehensive and province-wide data on industrial buildings and land for sale and lease. This allows Ontario municipalities and my ministry to market these properties to prospective domestic and international investors, and it allows municipalities to use the system on a customized basis for their own economic development purposes. We think that is very helpful and the municipalities seem to be greeting it with considerable enthusiasm. Is there one of my staff who wants to elaborate on some of that?

**Mr Armstrong:** I think you have described it adequately. We have the field staff that is available there. They are aware of the facilities that are being vacated. The plant location people are aware of that and are working in the field and identifying opportunities for the sale of property, the reoccupation of the property by others, and we get periodic reports in the domestic industry sector of Mr Corcoran's division.

**Hon Mr Philip:** The latest figure I have is that 29 municipalities representing about 100 communities are now involved in the program. We are hoping this will grow as we get more on stream. So it is a new program. Peter Friedman, did you want to add to this?

**Mr Friedman:** Besides the plant locations where we are assisting companies which are looking to find properties, in eastern Ontario we have an eastern Ontario community economic development program where we are working with 26 communities and getting them so that they can be more self-reliant in their own situation. We are in partnership with communities including Kingston and many of the others, and we have flowed over \$7.5 million to support 95 capital and non-capital projects valued at \$30 million involving development of strategic planning and infrastructure and industrial parks, so we are in partnership with those municipalities to attract companies in that area.

Also, the manufacturing recovery program is there to assist companies that are suffering because of the recession. Hopefully before the buildings become empty we are trying to work with them so that they can recover and grow in the future.

1750

**Mr Hansen:** In my office, starting in January last year, I hired a chartered accountant who is a former marketing manager and 50% of his time is in the riding. He is going out, taking a look at developing business and helping in the business aspect. There is one thing he asked me a few questions on and maybe it is a good place to ask this. Some companies he has gone to take a look at are having financial problems. They have no business plan and they do not look like they are going to survive down the road. We have seen two that have actually folded up and declared bankruptcy.

The one thing that did concern him was that the money the ODC had loaned out in 1988 and 1989 would not be repaid, which I believe would go into the Treasury. Taking a look at this money not being paid back into the Treasury,

back into the ODC, there comes a point where there could be a little less money coming back to Treasury.

Are there outstanding amounts with the ODC that have to be paid back, and how much is the government losing on some of these bankruptcies? I take a look at the actuals in 1989-90. This is on page 56. The actuals were \$6 million. Then over to 1990-91, as we took over as a government and with the recession being on, we estimated it at \$7.2 million, but the actual losses were \$15.59 million. I wonder if you could elaborate a little bit on that. I think Mr Carr was getting to that point before his time ran out, so I thought I would ask the question for him.

**Hon Mr Philip:** I wonder if David MacKinnon can add to that and explain what we are doing on that, where the outstanding loans are and so forth.

**Mr MacKinnon:** There is a substantial volume of ODC loans outstanding at any given point in time that are not reported as part of the estimates process. At this point, in terms of loans, loan guarantees and so forth, the total outstandings of all kinds would be about \$930 million in terms of the total activity base of the corporation, including loans and loan guarantees out there at any given point in time.

In the recession there is an impact on that total and there is an impact in terms of the annual repayments to Treasury. So far, in terms of loans and investment write-downs or write-offs, those levels have been manageable. For example, in the fourth quarter of 1990-91, they total, in terms of loans, \$3.2 million in round numbers, and a total of \$26 million for the year. In terms of investments of both kinds, there would be about \$4.6 million in the fourth quarter and about \$6.5 million for the year, and I am rounding the numbers. So there is an overall total of loan write-downs, investment write-downs and so forth of approximately \$7.9 million in the fourth quarter of the year, and a total of \$32 million for the whole year out of the total activity base.

**Mr Hansen:** I think that pretty well covered it. The concern was that I knew one company was \$800,000; the other one was just close to \$1 million. That was just two companies we knew of in the Niagara area. When you add up for two companies and then take a look at all of Ontario, it is a little scary.

**Mr MacKinnon:** If I could make one supplementary comment on that, the percentage increase of loan losses and loan write-downs for the chartered banks in the quarter ending January 31, 1991, was about 75% higher than in the same period for the preceding year. That number actually, for that quarter only, decreased by us by a figure of about 23%. So we have experienced a reasonably good loan loss record in that particular quarter.

It is true, though, that sometimes it is a lumpy thing. Sometimes there are quarters where we have to take a major write-down or write-off, and other quarters where it seems less severe. It generally tends to average out over time. Our record which we keep track of in relation to the private sector financial institutions is reasonably consistent, although it has risen in terms of the recession. It has risen by less, apparently, than for some major private sector financial

institutions and certainly our levels of write-down have improved greatly over what they were several years ago.

**Mr Hansen:** I just want to make one comment here. I would like the minister to be familiar that most of the small companies or businesses coming to see my CA are more interested in information, and in not waiting for the cheque to be written to be helped out. Usually you always say: "Where's my cheque? I'm ready to start opening business." There is a different attitude out there.

**Mr Kwinter:** There are a couple of things I would like to talk about. I notice that in the budgetary statement of the government it announced that the operating expenditures for the ministry were \$192 million last year and \$192 million this year. They also go to great lengths to say, "Ontario's technology fund will provide \$131 million for research, development and technology," and there were press reports that this was some great new program. I notice that in effect the technology fund program has actually been reduced by \$4 million over last year, so that in effect there are fewer dollars going into the technology fund than went into it the year before.

There are other areas I would really like to get an explanation on.

**Hon Mr Philip:** May we respond to that first?

**Mr Kwinter:** Sure.

**Hon Mr Philip:** I think, Mr Kwinter, that we dealt with it earlier, but I would be happy to have the deputy explain the way in which we are accounting for this at the moment. I think it is useful.

**Mr Armstrong:** Let me just start it and I will call on Mr Wood to supplement this. The \$4 million out of the technology fund is correct. Those were funds that in this fiscal year it was judged could not be expended, given the applications that were before the—as you know, there is a peer review process and it was judged that those funds could not be expended in the fiscal year. As part of the constraint process where we were being asked to find \$14.2 million, those in charge of the fund indicated those were funds that could be deferred. Those were not permanently taken away from the fund but were deferred in terms of expenditure in this fiscal year.

I guess this is implicit in your question. There has been some previous talk about this. The budget shows, when you total it up, a total of \$305 million for the ministry, whereas the ministry estimates show \$353 million. The ministry estimates include the ODC loan amount, the so-called non-budgetary loan, of \$51 million, so that accounts for the discrepancy. In point of fact, the total expenditures of the ministry this year as opposed to last year are roughly \$353 million versus \$333 million, an increase of approximately \$20 million.

**Mr Kwinter:** On the manufacturing recovery program, how much money has been expended out of that \$57 million?

**Mr Armstrong:** Those figures are available.

**Mr MacKinnon:** Because of the way these programs start up, usually there is a period of time when we really have not disbursed the actual cash, although we have made



commitments for the loans. At the moment, of the total of approximately \$50 million authorized for the program in terms of loans and loan guarantees, we would have committed to approximately \$20 million of that total. We expect the remainder of the allocation to be used.

**Mr Kwinter:** But in effect none of it has been paid out to date?

**Mr MacKinnon:** Mr Kwinter, the actual number would be quite low. It would be \$1 million or \$2 million that would actually have been disbursed. I should say in making that comment, though, that sometimes the beneficial effect of the program comes at the point of commitment by the government, rather than the actual flow of cash, because it is at that point that the behaviour of bankers and others concerned with the welfare of the program actually changes. In other words, if they see we are committed, then their behaviour changes at that moment, rather than the actual dispatch of the cheque.

**Mr Kwinter:** The reason I am asking the question—

**The Chair:** We need to wind down, Mr Kwinter, if this could be your last question. We are out of time. I apologize.

**Mr Kwinter:** I have to make it a statement and hope to get an answer for it the next time we meet.

**The Chair:** You can request that this information be brought back in detail. If you would like to put on the record very briefly those items you would like the ministry staff to return with, then that would be helpful both to your question and to the committee.

**Mr Kwinter:** If I can ask one question, when you read the estimates, they tell the criteria of the manufacturing recovery program. How does that differ from the criteria ODC uses for providing any other support? They have put another name on it, but to me it looks like it is exactly the same kind of program. I notice that last year there was a decrease of about \$24 million in funds that were provided for industry and technology development. How does that program differ from what you normally do as the ODC?

**Mr MacKinnon:** It differs in many important respects. The first is that there is an upfront component of it that is managed by the staff of the Ministry of Industry, Trade and Technology, the regular ministry staff as opposed to the ODC staff. That includes the preparation of a business plan and some upfront hiring, if necessary, to ensure that the management capacity for a turnaround is there and so on. My colleague Mr Friedman could go through that in detail if you wish, but there are several initial sequences that play out without ODC involvement at all. In many cases that may be all that is done. If, however, it comes on to us for a financial program, then we evaluate it. We use many of the conventional tools that we use in evaluating the regular programs, but we also bear in mind economic conditions in particular areas and other criteria that are supplementary to that.

**The Chair:** Recognizing that it is 6 of the clock I advise the committee that we have two hours and 43 minutes remaining to complete the estimates of this ministry. We stand adjourned until 3:30 tomorrow.

The committee adjourned at 1803.

## CONTENTS

Tuesday 1 October 1991

Ministry of Industry, Trade and Technology	E-425
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### STANDING COMMITTEE ON ESTIMATES

**Chair:** Jackson, Cameron (Burlington South PC)  
**Vice-Chair:** Marland, Margaret (Mississauga South PC)  
Carr, Gary (Oakville South PC)  
Daigeler, Hans (Nepean L)  
Farnan, Mike (Cambridge NDP)  
Johnson, Paul R. (Prince Edward-Lennox-South Hastings NDP)  
Lessard, Wayne (Windsor-Walkerville NDP)  
McGuinty, Dalton (Ottawa South L)  
McLeod, Lyn (Fort William L)  
O'Connor, Larry (Durham-York NDP)  
Perruzza, Anthony (Downsview NDP)  
Wilson, Gary (Kingston and The Islands NDP)

**Substitutions:**

Hansen, Ron (Lincoln NDP) for Mr Lessard  
Kwinter, Monte (Wilson Heights L) for Mrs McLeod

**Clerk:** Carrozza, Franco









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Ministry of Industry, Trade  
and Technology

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Première session, 35<sup>e</sup> législature

## Journal des débats (Hansard)

Le mercredi 2 octobre 1991

### Comité permanent des budgets des dépenses

Ministère de l'Industrie,  
du Commerce et de la Technologie

Chair: Cameron Jackson  
Clerk: Franco Carrozza

Président : Cameron Jackson  
Greffier : Franco Carrozza

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## Table of Contents

Table of Contents for proceedings reported in this issue appears at the back, together with a list of committee members and other members taking part.

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at (416) 325-7400.

## Table des matières

La table des matières des séances rapportées dans ce numéro se trouve à l'arrière de ce fascicule, ainsi qu'une liste des membres du comité et des autres députés ayant participé.

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON ESTIMATES

Wednesday 2 October 1991

The committee met at 1544 in committee room 2.

### MINISTRY OF INDUSTRY, TRADE AND TECHNOLOGY

**The Chair:** I would like to call to order the standing committee on estimates. When the committee was convened yesterday, at the close we had 2 hours and 40 minutes remaining. Before I move directly to recognize the time allocation that had been given to the official opposition, the minister has one or two responses.

**Hon Mr Philip:** Just one response.

**The Chair:** It is in writing, so perhaps you could précis your comment and then we will distribute it.

**Hon Mr Philip:** The question, I believe, which is one that had been raised with my predecessor on a few occasions by Mr Kwinter in the House, was raised again by him in committee. Indeed, I believe it was raised by another Liberal member in the committee earlier when Mr Kwinter was not here.

The question in summary was, "Why has the industry, trade and international relations support program's budget gone down by \$17.4 million over last year?"

The response for the record is:

"The industry, trade and international relations support program budget has not been substantially reduced over the last year if you take into consideration both the operating and capital budgets.

"The total budget has remained approximately the same over last year, \$209.7 million versus \$208.1 million.

"The reason the operating budget has gone down and the capital budget has gone up is because there was a transfer of funds from loans to repayable grants under the industrial assistance program. Under this program, loans are considered operating and repayable grants are considered capital.

"The total ministry budget including operating and capital has increased by \$19.7 million over last year, from \$333.5 million to \$353.2 million. The increase reflects the increased funding for the manufacturing recovery program and Innovation Ontario's pre-venture assistance."

As a footnote, we say that the 1991-92 estimates summary for both operating and capital has been distributed to all the members on this committee. Do you want to table this as a document?

**The Chair:** Yes. All documents are to be handed to the clerk, who will in turn get them copied and distributed to all members.

I would like to recognize the official opposition member if he is prepared to begin.

**Mr Phillips:** The area of the budget that is most interesting to me is whether the minister feels there are sufficient funds in here to generate the jobs that are called for, the job growth. I would be interested in knowing, because I think next year calls for a very substantial increase in job creation.

The expectation is that they will come from what sectors, and what is MITT doing to generate them?

**Hon Mr Philip:** As I said earlier, I do not think you can equate the amount of money you are spending with the amount of jobs you are creating. A lot of the money that does create jobs is in the form of loan guarantees rather than direct grants. These are of course less expensive to the taxpayers, but a lot of jobs are being created by the creation of the kind of industrial strategy and structure that we are designing at the ministry.

Examples are working with each sector to develop a strategy; the memorandum of understanding we have just signed with the plastics industry; working in a more efficient way, as we are doing at the international level, to develop a more organized and systematic way of identifying potential markets; working with existing industries in going after foreign business, and combining a series of companies. A lot of those are not terribly expensive to do and in fact can be done by the bureaucracy through reallocation of resources and using them in different ways.

To answer the second part of your question, our approach to an industrial policy is to develop high value added activities throughout the economy. The higher value added strategy applies to every sector of the economy. We are trying to create a strategy that is creating competitiveness through co-operation. That kind of strategy means not only picking where we have the best winners, if you want, within an industry, but rather an emphasis on continuous improvement in research and development, an effort in providing programs that will allow small- and medium-sized companies to obtain the kind of expert help they need, and subsidizing those engineering or marketing skills, as the case may be, through the programs that we now have. I do not think you need to throw large amounts of money at companies. I do not believe in large subsidies. I do not think that is the way in which you become more competitive.

1550

**Mr Phillips:** Would you help me out, because I cannot work through that one. Is it going to be in manufacturing? Is it going to be in service? Give me maybe three or four of the big wins you have had in the last couple of months that may help me.

**Hon Mr Philip:** I would be happy to. You asked the kind of question that I thought I would have to give to the members of the government to ask. But let me give you some of the big wins.

**Mr Phillips:** I asked for the first part first. Are they going to be in manufacturing, service or where?

**Hon Mr Philip:** I think what you have to do is identify the value added components of each of the industries. In the case of service, for example, one of the things we will be doing soon is meeting with the hotel industry to find

out—and indeed I had breakfast and talked to Mr Kwinter about this—if there are ways in which we can export our tremendous architectural and hotel management capabilities to other countries. Is that a potential market for us? Even though the hotel industry is in a state of considerable depression at the moment, there may well be opportunities for us to export some of our expertise.

In the timber industry, for example, there are specialty products that we have been developing and that can be exported, even though we have trouble in that industry as a whole. Even in the furniture manufacturing business there are components in terms of design, in terms of certain specialized products that are exportable. So there is a value added in each of the industries.

In the more traditional industries, such as the steel industry, with the restructuring of Algoma we are trying to become more competitive through a whole restructuring program that we have been able to put together and that we trust the banks are going to find satisfying. Stelco, for example, has been restructuring and developing specialized products, so even in the very traditional areas there are value added components. Of course we are going to encourage the computer business, the high-tech business, the electronics design industries and indeed, we are attracting a number of them. General Electric, which operates in Mr Carr's riding, is a good example of a company that is very actively investing in Ontario in the sums of hundreds of millions of dollars, and there are other industries that are doing that as well.

**Mr Phillips:** I am trying to get some idea of the numbers here. You say you are going to increase the job market by about 105,000 next year, I gather. That is all I am interested in. You have got the jobs—

**Hon Mr Philip:** Let me give you an example of some of the ones that are on the go at the moment. The Ford Motor Co of Canada is presently spending \$100 million on a new plant facility in its Oakville car assembly plant. Chrysler Canada Ltd has announced that it is increasing capacity at its Bramalea plant. It is building a new stamping plant which will substantially increase employment. Connaught Laboratories has a new biochemical centre to be built in Metropolitan Toronto. In Collingwood, LOF Glass of Canada Ltd is shifting production from its US plants to Ontario, providing 100 new jobs. I can go through a whole list of them.

**Mr Phillips:** All I want, by industry next year, is where the 107,000 jobs are coming from. That is all.

**Hon Mr Philip:** The 107,000 jobs?

**Mr Phillips:** That is in the budget.

**Hon Mr Philip:** Our staff can add up the various projects we are involved in and the projections. If you want us to do that we can give you a fairly detailed answer, but I am not prepared to do it off the cuff.

**Mr Phillips:** That is fine. Just as long as we can get that.

**Hon Mr Philip:** I can give it to you and the whole committee, if you like.

**Mr Phillips:** I have another quick question in regard to the analysis of how we stack up vis-à-vis our competing

jurisdictions. This may have been asked earlier, but I would like to have some of those studies and maybe even a top line from the ministry on how well we do stack up versus our competing jurisdictions in the manufacturing sector and the service sector, just to get some feeling. Are we very competitive, average or—

**Hon Mr Philip:** Peter Sadlier-Brown has been looking at some of those studies. In fact, there is an interesting study I just obtained yesterday that was done not by the government but by private enterprise. I have not had a chance to go through it yet.

**Mr Sadlier-Brown:** If you could just give me a minute, I will find the numbers for you.

**Mr Phillips:** Thank you. Maybe we can come back to it.

**The Acting Chair (Mr Johnson):** Would you like to have that information on the next go-round?

**Mr Phillips:** C for competitiveness.

**Mr Carr:** Q for question.

**The Acting Chair:** Peter needs more time. How about we move on to Mr Carr, and when we move back to the Liberals, maybe you can take more time with that information.

**Mr Carr:** In my discussions with some of the owners of small businesses—and this is one of the things I think has been forgotten in a lot of the rhetoric over the free trade debate—they were saying that initially one of the biggest problems businesses faced was that they worried more about protecting their own backyards, their own markets here. They were working to get their costs down to remain competitive and so on. But one of the untapped potentials is expanding into the US market and taking advantage of some of the markets like California. Of course, one small state would have more consumers than the entire country of Canada.

If you could walk me through what would happen if I am a small entrepreneur with 10 or 15 people making widgets in Ontario and I come to the Ministry of Industry, Trade and Technology and say: "I produce good widgets. I know where I can sell them. I can go over to K Mart and Woolco in Toronto, but I want to attempt to get into the US market and expand my company." I will throw it to you, Minister, and then you can point it off. How would I be directed? What would the process be if I come to you and say, "I want to sell my widgets in the United States"?

**Hon Mr Philip:** I am going to ask Peter Friedman to walk you through the process, but in the meantime, let me give you some general figures on what has been done. The trade expansion fund under our ministry has been extremely popular with small business. I have had a number of good reports. As a matter of fact, I was in Don Cousens's riding today and somebody was telling me how helpful it was to him as a business person up there in the Markham area.

Since April 1991, Ontario business has indicated that this particular support program assisted more than \$46 million in export sales. It has a base budget of \$2 million. It is not a new program; it was established in 1983. But certainly the new government is in support of the program.



Its purpose is to increase exports by developing new export markets. To understand the program, it provides matching grants to businesses to a maximum of \$35,000 per year to cover up to 50% of market exports, out-of-pocket marketing costs, and it has been quite helpful.

Peter, do you want to answer? I think it was a good question. Supposing I am John Smith and I want to access this program, how do I go through it?

1600

**Mr Friedman:** We have 13 offices around Ontario, and they are regionally based. We have 44 consultants who cover territories. Many of our consultants would know these companies, or if they do not, we have promotion materials which tell this company that the Ministry of Industry, Trade and Technology has an office nearby, or we have a hotline, if not that. If they called our hotline, they would be directed to one of our offices.

When they are directed to our office, one of our consultants would go out and take a look at the company and what it is doing. If the company says, "We are covering the Canadian market fairly well and we are interested in the

American market, but we haven't done anything," we have a number of initiatives.

We would first take them on a mission to a neighbour state, like Michigan or New York, on a program called NEBS, new exporters to border states, which is essentially taking them down there, showing them the kind of things they need to export, dealing with customs people, telling them about the documentation they need, and so on.

The next thing, if they do not have the systems in place, that is when the trade expansion fund comes into play, where we would help finance things that they need to change, packaging and other kinds of things that may be required to be changed to be able to ship to Americans.

Then we have offices in the United States and we have people in Queen's Park in the trade area who are sector-oriented or are generalists, who understand the American market. Those people would assist this company and would make contact with one of our offices. If it happens to be California, we have an office in Los Angeles. They would go down there. Our office in Los Angeles would help this person.

Normally the thing you need is to find agents and distributors, because that is how you would sell. The office in Los Angeles would help find that for a company, would make arrangements, introductions to financial organizations down there, letters of credit, and so on. The Ontario Development Corp has an export assistance program; the federal government has an export insurance program. They would be introduced to all those situations.

**Mr Carr:** How many inquiries do you get in a year from Ontario businesses? You must have a total.

**Mr Friedman:** Our offices get 4,000 a year. They are not all for exporting and not all to the United States, but our offices get inquiries on a regular basis. Our offices are proactive; they would go out without inquiries. Our offices would call on these companies on a regular basis and see how we can assist them. We are always looking for exporters.

That is one of the most exciting parts about getting small manufacturers, most of whom do not export.

**Mr Carr:** How do you get the agents—because that is the key, as you know—the people to sell it down there? What is the total number of agents you would have in the United States that would be out there that you would be working with? Any idea?

**Mr Friedman:** I can get that for you through our American office, but we have several thousand. Each office has a list of potential agents. Local people work in our offices who have contacts in each of the sector areas and we have hundreds of agents, and we certainly introduce people to methods by which they can find agents. We do this quite regularly.

**Mr Carr:** One of the things I wanted to get, with the number of inquiries, is what industries seem to be predominantly coming to you. Is it manufacturing of lightbulbs, or what? The reason is that the thing I am looking at is where you are getting the inquiries would give us a good indication of where we in Ontario see some of our future potential to be.

Then it would be very interesting to also see the number of agents selling that product, because I think that is one area where there is a tremendous amount of potential, not to say that you are not doing a good job there, but that we can do better. One of the problems we have is matching up the good products that we produce. Quite frankly, the 250 million Americans who are sitting down there do not know about our good widgets, and so on.

I was wondering if I could get that in writing, both the number of inquiries, generally, and the type of manufacturing we get, because rather than the government saying, "We're going to be in this industry," what I think would be helpful is being able to say: "This is what industry is saying to us as a government. This is where we think we can go into the United States." Then what I want to see is how that corresponds with the number of agents we have selling those products in the United States. That would be very helpful, if I could.

**Mr Friedman:** The one point I want to make is in this arena we do not pick only certain sectors. We would help any manufacturer who is interested in exporting, or at least beginning to export, particularly if it is to the United States.

**Mr Carr:** But surely from a commonsense, practical standpoint, we would say: "Boy, we're getting a lot of widgets down that people want to sell. Maybe this is a good industry to be in." That is why I am hoping we have got the statistics on that, so that the minister and the other people who are looking at it are saying, "In the long term, what industries do we want to be in to be able to export?"

We will not be saying, "We want to be in the aircraft manufacturing because it happens to fit our political agenda." We are going to be into something that businesses are telling us they want. I was wondering if I could get that in written form through the clerk, as well as what some of the procedures are.

I like the idea that you are proactive and you are going out and you are calling up companies. I take it you have, for want of a better word, the equivalent of salespeople who are going out. How many do you have?

**Mr Friedman:** We have 44, covering the province and territories.

**Mr Carr:** So we have got 44 salespeople and they have had about 4,000 inquiries, and those could be that they go out or we get calls in, right?

**Mr Friedman:** Yes. These are mostly manufacturing. I am not talking about general inquiry. I am talking about manufacturing-oriented consultations.

**Mr Carr:** If I could get some of the details on these 44 salespeople and how many calls they are making, the purpose being that especially after today we are looking at value for the money.

I know the minister will be able to talk about it. I read some of the figures last night, and when you look at them, the amount of money we are saying we got, whether it is \$435 million or whatever in exports, and the amount we spent was only \$4 million, it looks very good, but I want to get a little more detail. We've got 44 people out there. How many contacts are they making?

Also, with regard to salespersons, one on one is probably the best way to do it. Are there any other programs that we are doing? I do not know if it is good value for the money, but how much would you be spending on advertisement of some of these programs, if any?

I think the minister has done a good job saying how much we have got and I think we are doing a good job. What I am saying is that I think we can do a better job if we really take a look at it and are able to say the 44 people out there have made this amount of contacts and this is how much they produced.

It may be that we are talking about mass education of some of the business community. I will tell you quite frankly, even the large companies I see—not the small widget manufacturers. I am talking about major corporations, and I will not embarrass them by naming them because they may have said it in confidence. I was amazed at one of them, a major manufacturer, that said, "We pushed for the free trade agreement, and then we worried about getting our costs down and getting the number of people down and being productive."

I asked him how many salespeople they had in the United States and he said: "We really think we missed the boat by not expanding. We've got distributors and so on." That is why the list of agents and distributors would be very helpful by location, so that we know if we have got a list of 15 distributors in our Los Angeles office but we are having 2,500 inquiries for that office. It would be very helpful to see where the allocation of resources is.

Something else you might have as part of a policy manual somewhere, if we could get what I talked about, is a written summary of what the procedures are. The reason I was thinking of this is so we can keep it very simple and put something together which we lays it out—and this might already be done within MITT—very clearly to business in a very simple way, and we can get rid of all the rhetoric about whether free trade is good or bad, or whether Conservatives like it and the NDP does not. The fact is that it is here.

There is a potential to expand, and we should get to the point where we say to businesses: "Hey, look, we're going to be a little more aggressive. We're not only going to worry about playing defence in this football game and losing our markets here; we're going to be aggressive offensively. This is all you need to do: One call to this office, which has the steps and procedures that might be able to help you sell your widgets."

Notwithstanding what the minister says, the impressive statistics, I think in order to meet the jobs we need, those statistics are going to have to double and triple in terms of the amount we get. It would be very helpful if we could get some of that information.

1610

**Hon Mr Philip:** I really think the member is making a good point, and it is the same point I have made to my deputies and to my assistant deputies, I think on the first day I met them. It is really something I think we have to do. I was saying, as a matter of fact, to somebody from the Ministry of Agriculture and Food in the elevator on the way over here, "You guys have done a terrific job with your ag rep program."

**Mr Carr:** Let's learn from that. I think it is a good thing.

**Hon Mr Philip:** Yes, you know, where the farmer goes to one person and that person brings him all through the bureaucracy. We are looking at ways of doing that.

The other thing we are trying to do with other countries—we had a meeting with the President and Treasurer of one of the larger eastern European countries, the Ukraine, if you want to be specific.

**The Chair:** Ukraine, not the Ukraine. It is like saying the Canada. It is Ukraine. That is the name of the country.

**Hon Mr Philip:** I stand corrected by the Chair, and I hope he will allow me to correct his Gaelic, if he ever tries any.

What I was saying was that often in other countries too what we need is one or two people we can contact and have help us work through the bureaucracies, and it is particularly true in eastern Europe, where some of the bureaucracies are very large.

**Mr Carr:** Where I am thinking that will be important is that one of the concerns we have, and my feeling, is that we often focus on being competitive with the United States, and quite frankly, the Japanese and the West Germans are being more productive than the US. If we cannot compete with the US, we are in trouble.

One of the big criticisms I have internationally is the situation in Japan. It is very difficult to get in there. Maybe the minister could comment on that. I guess even with the US, when the trade minister down there, Carla Hills, goes to Japan and they get all the right things said and they nod their heads and say, "Yes, we want the markets opened to American product," the fact is that it really is not so, for a number of reasons. Yet they negotiate one on one as governments and say: "Yes, we're going to open. We want more US and Canadian product in here, more imports." It is very difficult.

I wonder what you are doing to crack that very big market in the Far East in Japan. Are there any new programs



we are doing to get in there? I will be very blunt. I think you have to open it up with a sledgehammer. Is there anything we are doing in Ontario to assist with that?

Oh, hello. I think we just had the sledgehammer come up here.

**Hon Mr Philip:** Claudette is my sledgehammer in the Far East. I think she can talk about some of the things. I have only been the minister for six weeks. I did have a fairly long conversation with Robin Sears the other night. He finally found me at home and we were talking about that, and he was quite interested in my going there immediately, like tomorrow, to put together some deals, to which I said: "Maybe not tomorrow but the day after. The House is sitting." But I think you are right; we have to open up those markets. They are starting to open up.

Claudette, do you want to add to that?

**Ms MacKay-Lassonde:** I can add some comments to what was said previously, because I think they will answer some of your questions. Bottom line, in terms of trade we are doing roughly \$65 billion with the US, \$3 billion with Asia and \$7 billion with Europe. That gives you a bit of perspective on where it is at.

You were talking about the importance of promoting our industries and trying to get them to sell to some market in the US, for example, targeting it. That is exactly what we are trying to do right now, because what we have seen in the past is that the number of calls does not necessarily lead to an actual export. They may be asking for things that nobody is interested in, and quite often, because of that, we may have people running around trying to find a market for something that does not exist.

On the other hand, we also go to the US and look at the demand and try to find where in Ontario we can meet this demand. Right now we are trying to match the demand in various markets with the strength that we have in Ontario. Our task is to act as broker and stimulate that and be very effective in doing that.

We have programs right now that are supportive of that. Promotion, for example, is a very important thing. We are trying to promote Ontario as a place where we have good products and services and where it is good doing business. Also, we are going to provide profiles on industries where we feel we have a chance of penetrating other markets, and we will do a lot of promotion in that area, and that is done from the offices in Los Angeles, Dallas and Chicago.

Another program that has not been mentioned is the trade mission, and I have been on one of them. I have not been long with the government, as you probably know, but this is a very good example of the kinds of things we are doing. We had a number of industries from Ontario that were brought to Dallas. What the people in those offices did was go around and actually look for the companies that had the kind of needs and make arrangements for those companies to make presentations. Before the meeting, they were fully briefed as to the needs and interests, their inclination and that kind of thing. We are actually doing quite a bit in that respect.

Another program that we have is we are preparing directories. Quite often, they will look for a supplier, and it is

not a big thing, but they look at that, "Where can you get that kind of product, those supplies from Canada?" Again, our people in these offices go to those industries and say, "We can supply you with these products and services." Very briefly, that is what we are doing right now.

**Mr Carr:** My feeling is that in order to sell, you cannot wait for people to say, "We need products," because 20 American companies are out there. That is why when you talk about distributorships, that is what is going to do it, because if we just sit back and say, "The only time the Americans in LA, for example, are going to come to us is when they have a book of suppliers"—they right now probably get called on by 10 or 15 people, saying, "Buy my product, my product is better," and so on. The problem with distributorships, as you know, is that they sell different products, and so you have to be very aggressive. It is not a case of sitting back. We need to be proactive.

**Ms MacKay-Lassonde:** Exactly. We were talking yesterday about this, the task force that we have done, and that is precisely it. We want to know where we have an edge essentially, and our task is to push it in those markets, being very proactive, doing promotion. We have already started this approach, and in the next few months we are going to be much more proactive and aggressive.

**Mr Carr:** With the number of people who are down there that we talked about earlier, with some of the distributors in the United States, Americans would normally be selling it and, of course, the people who would be the most aggressive in selling it, although I guess if you give someone the right compensation, anybody will be aggressive for it. The problem with distributorships is they make it very difficult, particularly in complex products. It is easy when you are selling a widget.

Is there any movement afoot or thought, for example—and I think the minister talked about some of the things the plastics industry is doing—of being able to say: "Okay, we've got the plastics industry. Maybe it is a good idea to have Canadian salespeople down there—we will help set them up—who would then be able to peddle some of the plastic products to various companies and be able to say 'X, Y, Z has one'?" What is your thought? Will we get more of a bang if we do something like that?

**Ms MacKay-Lassonde:** In fact that has been debated, and it has been tried again. I think we keep going back and forth between having a Canadian there who knows very well the Ontario market and locally engaged people—

**Mr Carr:** Who know the US people.

**Ms MacKay-Lassonde:** —who know the industry and have the contacts. We really need a combination of both.

**Mr Carr:** Yes. Good point. Do I still have time?

**The Chair:** You are out of time, but I do not have any government members—oh, Mr O'Connor wants to be recognized, so if you want him to do one quick question—

**Hon Mr Philip:** Maybe the government members will allow Mr Carr to ask another question or so. I think he is on a roll.

**The Chair:** Actually, I thought he was in his seat. Mr Carr.

**Mr Carr:** I appreciate it, and I appreciate the minister's comments, because what I hope we will do is attempt to be very constructive. I appreciate the minister's comments because I might, surprisingly enough, even come up with a good idea once in a while that might not be thought of. I appreciate taking a look at it like that.

Just along those lines as well, when we are looking at value for the dollar, do you see us expanding the offices in the United States? Would we be better, keeping in mind we have limited resources, to expand the contact to get more Canadian companies to come and see us or to expand at the other end in the United States to be able to sell more? With the number of resources we have, do we have the right balance now or should we be saying: "Heck, everybody knows we're here now. They're calling us. We don't need the 44 salespeople. What we need is more at the other end?" Where are we at with that right now?

1620

**Ms MacKay-Lassonde:** We have not done any evaluation, but certainly being visible in those countries and those markets and doing the push in the proactive, you have to be onsite essentially. I think that is very important. Now the balance, as I mentioned before, I have not been long enough with the government to have focus on the international, to be honest with you.

**Mr Carr:** On getting to the markets, when I look at some of the offices we have, we have hit the major cities. I guess if you are going to be productive you will do that. Have you given any thought as to how we can service those other markets? As you know, we do not have an office in Toledo, Ohio, and so on. When we are looking at trying to produce the amount of exports that are needed to really capture some of the US market, we are just scratching the surface. I suspect we are probably even scratching it in Los Angeles where we have an office and the Japanese have an office, the West Germans and the French and so on. How do we get to those other areas, when our product that we produce better than anyone else in the world, this widget, is not needed in Los Angeles but is needed in Toledo, Ohio?

**Ms MacKay-Lassonde:** I think the minister has already alluded to that. We are in the process of examining all our international offices to examine whether in fact they are the best location; whether we have too many or maybe not enough support staff in those areas, whether we want to relocate in higher-growth markets. We already alluded to some of those yesterday.

**Mr Carr:** Minister, if at any time any of this information is available, I would be pleased to receive it. I am one of those crazy people who stays up and reads all this, so it will not be wasted. If there is anything you feel you want to contribute, I would be pleased to go through it.

**Hon Mr Philip:** I am also looking at the possibility that I want to involve the opposition parties more in looking at trade delegations and possibly joining us in certain select ones.

**The Chair:** Sounds like a trip to me.

**Hon Mr Philip:** We would be happy with your co-operation in something like that.

**Mr Carr:** The reason I am so interested in this part of it is because my background has been in sales and marketing. When I look at it again, going out and seeing the businesses, they are saying to me, "Look, it isn't only that governments have missed the mark on this expansion in the US. We're not blaming the governments. We as the companies are the ones who don't know about it."

My last question, if I have just a little more time—

**The Chair:** Ask Mr O'Connor.

**Mr O'Connor:** Are we using up my time right now?

**The Chair:** Actually, yes.

**Hon Mr Philip:** It is not your time that you are using. You still get your 15 minutes.

**The Chair:** No, I think the sidebar, Minister, was that we had that understanding, so I will recognize Mr O'Connor. Please proceed.

**Mr O'Connor:** Thank you, Mr Chair. I did not realize I was sharing my time quite so freely. Anyway, I am pleased to share it with the member for Oakville.

**Mr Carr:** Thanks. I owe you.

**Mr O'Connor:** One of the concerns I have in my riding, in Stouffville—just past Markham, Don Cousens's riding where you were earlier—is that there is a pharmaceutical company, McNeil Pharmaceutical, up for sale right now. I know it is not a good picture right now. I just wondered if you could tell me exactly how your ministry is trying to help in that situation, or whether there is any help for the pharmaceutical industry in Stouffville. I think it represents about 80 jobs in my riding, and for that municipality it certainly is going to be an awful burden on the community to have to live with when the pharmaceutical closes if there is nothing else there.

**Hon Mr Philip:** Let me put it this way: As we look at industries, I think we have to accept that in order to be competitive they have a right, and indeed we should encourage them wherever necessary, to restructure. In the case of McNeil Pharmaceutical of Stouffville, prior to this government taking office—and I do not say this derogatorily towards the last government, because I am not sure there was anything it should have done in regard to this—McNeil Pharmaceutical announced that it had to realign its operations with its sister company Ortho Pharmaceutical (Canada), which is located in Don Mills.

It had done a fairly thorough analysis of its operations and trends in the marketplace and it thought that by this realignment it could become more cost-competitive and more efficient. It could blend skills and resources in its pharmaceutical division here in Canada. So it made that decision. It is unfortunate that the plant will be closing in your riding, but at the same time you have to look at the health of the company and the net loss in jobs generally to the company if it did not restructure itself and realign and become more efficient.

I guess you want to ask, "Are the affected employees being fairly treated?" From what we understand, the -



company has established a job search committee to identify opportunities for relocating employees within Ontario, and also within the Ontario Johnson and Johnson operations where feasible. It is offering an early retirement package that exceeds the minimum requirements of the Employment Standards Act. If you look at it, the company appears to be trying to act as a good corporate citizen. Part of being a good corporate citizen is to be an effective corporate citizen so that you can be competitive.

What is interesting is that the pharmaceutical sector has been a generator of a tremendous number of new jobs and investments in Ontario. For example, on September 12 I attended the opening of a \$4.5-million Eli Lilly analytical research laboratory at Sunnybrook Health Sciences Centre here in Toronto. This research-intensive, high-technology sector has increased employment in Ontario during the last few years from 8,609 jobs in 1983 to over 11,500 in 1990, which is an average increase of 5% a year. It is growing. It is important that we work with the industry. I met extensively with representatives of the industry to make sure that industry stays in Ontario—that is of concern to the Premier and myself—and continues to expand. It is one of our high-priority industries.

**Mr O'Connor:** A facility of that nature is fairly modern. You are right, they had been good corporate citizens in the community and have been very open about how the closure process is going to take place. Is there any way your ministry can be proactive in trying to search out new citizens to take over that location?

**Hon Mr Philip:** We are trying to do that. The deputy might like to answer this more fully. Part of the strategy is to meet with the industry and to develop the kinds of structures that will do that in the ministry.

**Mr Armstrong:** I will just say a word on that. This gets to an understanding of how our field offices operate. Peter Friedman may wish to supplement this. One of the duties of field officers is to have an inventory of unused or vacant facilities and to be aware of the configuration of those facilities and their capacity. As I understand it, they have an ongoing list of the facilities that might be suitable for reoccupation by new investors either here in Ontario or from abroad. They are working not only with head office but often with our network of global offices to determine the extent to which vacated or unused facilities can be profitably utilized by manufacturers and others, not simply sold as vacant buildings and demolished. Peter, do you have anything further in that regard that you can add?

1630

**Mr Friedman:** The only other thing I could add—I think it was mentioned yesterday—is that our plant location section has an industrial listing assistance system. When any potential investor either from overseas or domestic says, "I'm looking to locate a building," we try to match it up with this listing system. We act as a broker, because frequently, if you can find a good location for a company, that helps in selling it to come and locate here. So we operate this system. If it is pharmaceutical, that is a very specialized kind of building, usually a high-cost building. You have to have a similar kind of industry to find that.

We do operate in conjunction, by the way, with all of the economic development people in the municipalities. The municipal people, when these listings are available, send them to us. We have a central system and we keep that on a regular basis.

**Mr O'Connor:** I have five municipalities in my riding and none of them has an overly large staff of people who can be proactive in trying to bring manufacturing-commercial-industrial to that community. Is there a way they could tie into the ministry and try to encourage new investment in their communities? Stouffville is an example I have used, but the further out we go in my riding, the balance that a lot of communities have of commercial and industrial in the tax base seems to slide even more, which puts an awful burden on the local residents.

**Mr Friedman:** Through our domestic offices we work in conjunction with municipal development people. It is one of the areas we are strengthening. These municipal economic systems are asking the Ontario government to form stronger linkages so that we work together. Our ministry is working at the moment to strengthen that tie so we can in fact work together more closely in that area. If someone asks what areas we are working harder on, that is an area we are strengthening right now.

**Hon Mr Philip:** We have 29 municipalities now on stream on that listing system. It is a province-wide system, but so far we have 29 on that real estate—if I might use that word—facility listing system. It might be useful to give the members the list of which municipalities are on. I do not know if Stouffville is part of that group.

**Mr Friedman:** I do not have that, but we can provide it.

**Hon Mr Philip:** Some of the members might like to work with our ministry to encourage their municipalities to get into it, because it is available across the province. We want all municipalities to participate.

**Mr Friedman:** We are also in the process of computerizing that system so we will be able to do computerized matching. We can provide in writing the ones that are there now, but we are enhancing that system in the whole area of municipal-provincial interaction.

**Mr O'Connor:** Do you include in that registry a cross-section of value as well as square footage and property taxes, so that when somebody comes in and looks at the facility he knows exactly what he is looking at?

**Mr Friedman:** Yes. In some instances we even have a photograph of the building. We have some basic information about a building.

**Mr O'Connor:** Transportation links?

**Mr Friedman:** Yes. Someone can actually look at the facility in our shot without having to go. One of the reasons for this is that if someone comes in, he does not have to visit 29 municipalities just to see the buildings. They can come to one place and we can give them a reasonable idea. Then they can go out to the half a dozen places that seem to make sense.

**Mr O'Connor:** That includes transportation links and proximity to different markets and what other facilities are

close by so that they may actually tap into different markets that would be applicable.

**Mr Friedman:** Yes. Maybe not in that particular location, but our plant location group has all that information available. If someone comes in and says, "I'm looking in that area," we provide that information. We bring in other ministries, both provincial and federal. If energy is a big item, we bring in the Ministry of Energy and talk about what energy pricing may be in that situation. Sometimes it is labour costs, so we bring in the Ministry of Labour to talk about what the labour costs may be in a particular area. If it is municipal taxes, we bring in crucial people to provide that information.

**Mr Phillips:** By the way, I think Mr Sadlier-Brown was going to answer my question. Am I going to get the cost on that?

**Mr Sadlier-Brown:** There are a lot of different ways to deal with competitiveness. Competitiveness is sometimes thought of as unit-labour costs, but tax competitiveness and even environmental considerations are taken into account. A number of people, including the World Economic Forum, have come up with measures of competitiveness, where they try to weight the various ingredients: labour costs, overall economic conditions and other basic ingredients in the performance of an economy. We have a number of those. I will compile them and give you a package. There is not any one I would say is the definitive way of comparing competitiveness between jurisdictions. Obviously it depends on what weight one would attach to, say, the tax environment or the other things you would count.

**Hon Mr Philip:** Some of them are done by sector.

**Mr Sadlier-Brown:** Yes, and simply the different composition of the economy will reflect differences.

**Hon Mr Philip:** Has the federal one on trucking been tabled yet? Do you know?

**Mr Sadlier-Brown:** I am not aware of that.

**Hon Mr Philip:** That is a key one we are waiting for.

**The Chair:** Mr Phillips, it was your question. I would like you to pursue your question. The minister can check with his assistant on points of interest.

**Mr Phillips:** Those two things would be very helpful to me. I talked to many business people. I do not think there is a manufacturer in the province who has not done the analysis of the cost; not labour cost but the total cost of here versus other jurisdictions. I do not think there is one of any significant size. Unfortunately, I am afraid we may not compete all that well. You must have this down cold because this is your business. I would like to get that stuff.

The second thing is, I am just looking forward to the job estimates by sector. I would like to know where the 105,000 jobs are going to come from. That will be very helpful for me. I would appreciate that.

**The Chair:** That is a formal request. You understand the nature of the request and you will have no difficulty with it?

**Mr Sadlier-Brown:** We will provide that to the clerk of the committee.

**Mr Kwinter:** There are a couple of items in the estimates that I would like to get some clarification on. I notice that a program entitled the Pacific Rim business exchange program/Tradewinds has been wound down. I wonder if there is somebody here who can just give me a brief overview of what happened in that program, how it worked and why it was wound down.

**Hon Mr Philip:** I could ask our assistant deputy, but I do not believe she was here when that was wound down. I do not believe this government was here when that happened. Tim, you have been around for years, so you can handle it.

**Mr Armstrong:** Too many. I do indeed recall the program from the field and I can speak a bit about it from the experience in the field. The Tradewinds program was a program where recent young graduates were placed in companies in Japan, Korea and perhaps one other country.

**Mr Kwinter:** Hong Kong?

**Mr Armstrong:** Was there one in Hong Kong? The notion was that they would undergo an initial period of language training, which varied from six months to a year, and then the entire program for the interns lasted for two years, subject to extension.

On the basis of my experience in Toyko, where there were Tradewinds students and interns, I would say it worked reasonably well. In all three cases they learned the language reasonably well, they were accepted into the culture of the firm and they performed a valuable function and certainly learned a lot.

I was not here when the decision was taken at head office, but my sense was that on a cost-benefit basis, it turned out to be an expensive program. Certainly in Japan it was a very expensive program. I think the decision to wind down may have been taken under the previous government, but it was basically on the assumption that one could expend those funds in a more effective way and benefit more people without targeting on such a small number of people for so many dollars. However, there is absolutely no doubt, Mr Kwinter, that for those three interns in Japan, it was a remarkably beneficial experience.

1640

**Mr Kwinter:** What has happened to the people who were in the program?

**Mr Armstrong:** I would really have to check that. One at least has stayed in Japan and is working with a Japanese company. The fate of the other two I would have to check out, but one at least is still in Japan.

**Mr Kwinter:** The reason I asked the question is that when I was the minister, I had the privilege of sending a group off. It was a program that was conceived before I got to the ministry. I have to admit I was not aware that it was terminated during the time I was there, but certainly the intent was that we would send these young people into companies where they would learn the language, they would learn the commercial culture and they would then come back.

They were not to stay there; they were to come back to Ontario and then make themselves available for employment



in companies that were doing business in those particular jurisdictions and that would give them the ability to advise their employers. They could deal with the language and they could also deal with the commercial culture. It sounded like a pretty good idea, and I was just curious to know what happened in the execution of it. On paper it sounded like a great idea.

**Mr Armstrong:** I will undertake to get for you precisely what the interns in the programs are now doing. I know, for example, the one that was in Beijing was unfortunately there during the Tiananmen Square incident and was one of the ones evacuated from the country during the process. He subsequently returned and worked with the Canadian embassy. I will get for you the history of the ones who participated and you will be able to make a judgement as to what happened. You are right that, in my recollection, the fundamental purpose was to permit these people to be exposed to the commercial cultures abroad and then come back and assist others here in Canada, in Ontario in particular, understand how business was conducted in those jurisdictions and hence build trade and commercial ties. We will get you a list of who participated and what happened to them.

**Mr Kwinter:** While we are still on that part of the world, I would like to ask you about the Jiangsu-Ontario Science and Technology Centre. As a result of the Tiananmen Square events, there was a decision by all governments, including the federal government, to play down our relationship with China. The deputies and ministers were prohibited from going. Tell me what is happening there. Is it doing anything? I say that advisedly. When I was there the last time I visited, I was not terribly impressed with the activity that was taking place, and I would be curious to know if that has improved, if it has changed, if there is any—to put it in a cliché—light at the end of the tunnel.

**Hon Mr Philip:** Perhaps I would rather handle that directly than my staff do it. Our government and indeed your government when you were in office were quite concerned about human rights issues such as what we have just been talking about. As a result of that, my two parliamentary assistants have been meeting with members both of student movements and of the business community in the Chinese Canadian community, and also such groups as the Canadian Civil Liberties Association. Those meetings have been going on for the last couple of weeks. We are reviewing our policy at the present time.

We are getting mixed messages, I can tell you. Some people in the Chinese Canadian business community in Toronto are saying, "We've made our point and now is the time to move," become normalized, if you want, go back to business as usual or something close to that. Other people are not saying that. Before I make any changes, I want to make sure that I have a feeling as to the sensitivities of all of the people, including the civil rights groups, but also the business community.

I do not think that, as with South Africa, for example, we should as a province take unilateral action unless we are on side with our federal colleagues. I think we have to

make sure that our federal colleagues are at least marching to the same drummer as much as possible.

So there is the consultation process. Claudette, how many meetings took place last week and the week before? I met with a few briefly, but it was primarily my parliamentary assistants and you and some others who met with them.

**Ms MacKay-Lassonde:** We have now had maybe four meetings. Beyond the people you have mentioned, we have also met with a representative from Amnesty International. I thought you might be interested in that as well.

**Hon Mr Philip:** Right. I am sorry. I said the Canadian Civil Liberties Association. I meant Amnesty International.

**Mr Kwinter:** Could I ask you what is happening? Is there any activity in that centre? Is it still standing? Are we still paying money? Is there any kind of programming taking place?

**Hon Mr Philip:** Maybe Tim can bring you up to date on that.

**Mr Armstrong:** Let me talk a bit about the centre, because, as you say, it was an ambitious program that was undertaken. I think it was officially opened in the fall of 1986 when Premier Peterson went out on his Asian visit to Japan and to China.

The original purpose of the centre was really to showcase Ontario technology and to be a bricks-and-mortar facility where incoming Canadian delegations could exhibit their wares and where frankly we could assist a developing economy in joint venture agreements and technology transfer initiatives.

I think I visited the centre nine times during my tenure in Tokyo. On each occasion I was there in connection with a special event of some sort. In almost every instance, I was impressed by the seriousness with which the Chinese hosts took the particular event and I think many good contacts were established. For some period of time there was an exhibit of Ontario products and Ontario technology on the main floor of the building, which I think you remember well.

In candour and honesty, we had a concern, and I think you and I remember this, that to some extent the benefits were not always reciprocal. The Chinese wished to get as much technical information and access to our technology as they could, and the extent to which it was actually aiding our exporters was a matter of some dispute. I think as we attended successive management committee meetings, I can remember both of us emphasizing the point that in order for this to work, the Chinese would have to recognize that we would expect them to be aware that we have products to sell to them; it was not a one-way street. I think we made some progress in persuading them of that necessity.

1650

The entire operation was to some extent disrupted by the unfortunate events of June 1989 in Tiananmen Square. You will remember we had a resident co-director who was living and working in Nanjing, where the centre is located, and after June 1989, and in accordance with I guess both the federal policy and the policy adopted by the then government of the province, it was determined that we should reassign the co-director to Hong Kong. That is where he still operates and he visits the centre on a monthly basis,

works with the centre staff for perhaps a week of every month. The centre staff I think is approximately 20.

Although we still pursue, as the minister says, the policy of the previous government in terms of official visits by ministers and deputies, there are a number of trade missions that go on their own to Nanjing and other places in China, and my information is that when they pass through they use the facilities of the centre.

Having said all that, as part of our China relationship review, I think it is important that we do make a determination, five years out, of the value of that facility and the extent to which we can improve it as a facility to aid in trade and investment promotion, and indeed if there is some doubt about its usefulness, take whatever tough decisions have to be taken to terminate the operation.

**The Chair:** I believe Mr Phillips wanted to just put briefly on the record a question, which we might get back on the loop, if you want to do that now. If not, I would like to move to Mr Carr.

**Mr Phillips:** Yes, I do. Fundamental in the next 12 to 24 months to MITT is job creation in the province. I am very interested to know the tracking you do in terms of capital investment. I am interested in the measurements you have for capital investment, inquiries for capital investment from other offices, and just whatever confidence we can take in terms of, "Things are turning around and here is the evidence." We might not have time for an answer, whether I get it now or in writing, of how you track it and what the current state of affairs is.

**The Chair:** The deputy is making a note of that inquiry.

**Mr Phillips:** He is not writing.

**The Chair:** You can always tell how serious the deputy is by the worried look he wears on his assistant deputy minister's face.

**Mr Carr:** I guess this question would probably be best directed to the minister. I wanted to see with a couple of the major situations we are looking at now, Algoma and de Havilland, if you could let us know how much has been spent already with regard to those two particular issues, and also exactly how it was spent. I know we had some discussions yesterday about where the money is going for that. I suspect there are some things that are being looked at through consultants taking a look at it as the whole package is put together. Again, this might take a little bit of time, so it might not be for now, but I was wondering if we could get some idea of a breakdown of what the government is looking at in terms of cost and where it is allocated. It may be difficult to do off the top, because obviously some of the costs are probably still lining up.

I wanted to see if we could get that, and then also some indication of what your thoughts are—because both those situations I know are very detailed—about how much you see we will end up spending with a couple of those ventures and where you see it will be. Will it be in terms of loan guarantees? Will it be in terms of direct investment, therefore taking a percentage of the company? If you could basically give us a snapshot of where we are at with it and where you see us going, we can all plan to be constructive in this.

**Hon Mr Philip:** As you know, we are in the process of speaking to Michael Wilson about developments just this morning with one of the companies, and indeed the Premier is speaking to the Prime Minister. I have nothing further to comment at this point in time, other than to say that everybody is being contacted with regard to de Havilland. We still have not received a readable transcript of the decision. We do know it was a vote by one, nine to eight, which is very, very close.

With regard to Algoma, the deadline is the 28th, is it not?

**Mr Armstrong:** The 31st of October.

**Hon Mr Philip:** The 31st, by which time we have to have the proposals for the bank. With regard to the actual cost, that would have to be broken down in terms of consulting fees. We did hire in the case of one the firm of Tory, Tory and—are there three Torys or only two Torys?

**Mr Carr:** Two here right now.

**Hon Mr Philip:** Jim Tory was handling it, and there are consulting fees. The Canada Consulting Group is the other company. We will have to provide that for you.

**Mr Carr:** I see. It would have to be financial.

**Hon Mr Philip:** A lot of the cost too was of course being borne by the federal government, which has been involved very closely with us. They have been doing studies as well, and we cannot put a figure on their work.

**Mr Carr:** Yes, although the more you can get them to pay for, the better. With regard to that, I take it, just on that process, that these things happen very quickly. What is the process when all of a sudden you need something? If Algoma needs to have a detailed analysis done, is it based on a tendering process? Do you automatically go to the Canada Consulting Group? Are they number one, or do you say no, the best one is the XYZ company?

**Hon Mr Philip:** In some cases we go after the best negotiator we can find. Tim has been involved with Algoma because it was prior to my taking over in this office. It was the Premier rather than the minister here who was handling it. I am now fairly closely involved with it, but maybe Tim can answer that.

**Mr Armstrong:** Each one of these varies slightly, but in the case of Algoma, the Premier established a task force. I think it was about a day after I became Prime Minister—

Interjections.

**Hon Mr Philip:** This is the guy who, at my first public appearance as the new minister, introduced me as the Minister of Labour.

**Mr Armstrong:** Having elevated myself to that lofty position—

**Hon Mr Philip:** He'll never forgive me for telling about it.

**Mr Armstrong:** There was earlier reference to the Prime Minister, as I recall, and I was still contemplating that answer and reflecting on its likely results.

In any event, just about a day after I became deputy minister, I was asked to chair this particular task force, which is comprised of representatives of the steelworkers of Algoma, Dofasco and of the community. The task force



in turn engaged the services of consultants, in particular a company called Beddows and Co from Pittsburgh and London who are, I guess, the world's foremost authorities on the steel industry. They have been the principal consultants. That contract was tendered. In fact, in these restructuring activities, all contracts except legal services contracts are tendered—all, in accordance with the Manual of Administration, under the watchful eye of Mr Wood, who makes sure these things are done properly. I can assure you they were in each case.

**Hon Mr Philip:** Under the even more watchful eye of Douglas Archer.

**Mr Armstrong:** As far as legal services are concerned, the Ministry of the Attorney General has to approve the contract which is entered into with the outside legal firm. Again, in the case of Algoma Steel, it is the Stikeman Elliott firm; in the case of de Havilland, as the minister says, it is the firm Tory Tory DesLauriers and Binnington. So we are well served by our consultants, both legal and industrial consulting firms.

1700

One could go on and on about the state of play in each of those major restructuring efforts, but it is almost like collective bargaining. I do not want to appear to be engaging in non-disclosure, but some of these discussions are at a very sensitive stage and I think it would be prejudicial to talk in detail about them other than to honestly say, from my involvement, that the spirit of co-operation among the parties is extremely high.

That is true in both Algoma and de Havilland. As the minister said, we have now a new element over which we have very little control. The European commission has made a ruling and we now have to make a determination as to the effect of that ruling on our effort to bring a successful conclusion to the de Havilland problem.

I may say that we have been in communication with the European purchasers, Aérospatiale SA and Alenia SpA, saying that in the light of the commission's determination, it is imperative that we meet to assess the ramifications of that decision and to see if there is a way in which we can somehow recast the application before the European body to make it clear, as a result of the Premier's announcement, that Ontario intends to be an equity participant, that there is a different configuration in so far as the prospective purchasers are concerned, and to argue that this has a different significance in terms of the competition issue.

I would be less than candid if I told you that we were not somewhat concerned and perplexed by this unexpected development.

**Mr Carr:** The next question I had was with regard to the Ontario Development Corp. Last year I received—and I was trying to dig it out—a complete list, one that I suspect was sent to all MPPs, of the various companies around Ontario. I believe it was a computer printout that had the amounts of money received and I think even some of the terms and so on. Would I receive that?

**Mr MacKinnon:** Yes. We table such a list annually in the Legislature.

**Mr Carr:** That is coming due fairly soon?

**Mr MacKinnon:** I believe it has already been submitted and it is in process.

**Mr Carr:** So we will all be getting copies of that.

**The Chair:** Just so I understand clearly, it is submitted where?

**Mr MacKinnon:** It is submitted to the Legislature under section 12 of the Development Corporations Act. Our understanding is that it has either been formally submitted or is imminent. It has been prepared by us.

**Mr Carr:** It is just in the process of being submitted at the moment?

**Mr MacKinnon:** Yes.

**Mr Carr:** Okay. So we will be receiving that through the regular channels?

**Mr MacKinnon:** Yes, it will be distributed in the Legislature in the normal way.

**Mr Carr:** Because that was fairly helpful, and if we do not get it, could you make a note to make sure I get one? I even read it last year.

**Hon Mr Philip:** You will get it, but we can get you a second copy.

**Mr Carr:** Okay, good. With regard to that, in similar discussions the other day you were saying that, if memory serves, you are looking at about \$930 million outstanding right now. That is over what period of time?

**Mr MacKinnon:** That is the total activity base of the corporation at the moment, including loans outstanding, guarantees outstanding and other such measures, and that is a snapshot picture of this moment in time. It varies, of course, year by year and month by month.

**Mr Carr:** It is always difficult to compare, but with that, what are you looking at in terms of the percentage you write off to bad debt of the total outstanding? What percentage are we looking at? I know it is rolling, but—

**Mr MacKinnon:** Perhaps I can set that in context. The percentage that we generally work with is that we write off about 5% of our own loans, that is, the loans that the development corporations make in their own name, which is a portion of the total each year, and it varies up and down. For the last several years it has been lower, and it is now of course starting to rise.

By comparison, to help illuminate what that figure means, if you are running a large chartered bank, you would write off about 1% of your loan portfolio per year. If you ran much more than 1.25%, you would be in grave difficulty.

The other people in between—the Federal Business Development Bank; Roynat, which is a private-sector term lender, and so on—would be in the range of 2% to 3%. What they are at any given point in time, I am not certain. As I mentioned, we are up around 5% of our own proprietary loans.

**Mr Carr:** On a yearly basis that works out to what approximately?

**Mr MacKinnon:** I can give you the exact figures for a couple of years. In 1989-90, for example, there was an \$8.6-million loan loss, which was 3.8% of the portfolio. In 1990-91, partly because of the recession but also because

of a couple of large transactions, that rose to \$14.8 million or 6.5% of the portfolio. Back in the mid-1980s, it was up around \$23 million and 8% or 9% of the portfolio. It has been substantially below that level ever since.

**Mr Carr:** And the reason for getting it back down from the 8% or 9% was what? Tougher criteria? New standards?

**Mr MacKinnon:** There are several factors at work, first of all, the economic environment. Generally speaking, they track the economic environment.

Second, there has been much administrative change within the corporation, which affects it. For example, we have computerized our operation of the portfolio. This allows us to get a better handle on problems before they develop, which in turn reduces ultimate loan losses. That factor has also been at work.

Third, there have been some accounting changes within the government. At one point, this figure was essentially negotiated as a budgetary item and did not bear directly on the number of loans that were actually in trouble. Several years ago, with the basic change in policy, that was changed and there were high levels of write-off for a couple of years, and then the total was lower because we did not have accumulative baggage coming due.

Those are the factors which bear on it. Those three factors bear on it at any given year, but the most important, of course, is the environment.

**Mr Carr:** But as chief executive officer, you compare versus what? The other sectors that you mentioned, the bank and so on, how would you judge where we are at now with it?

**Mr MacKinnon:** The last complete year for which I have figures—and these would have changed, although I do not think our relative position would have deteriorated—in the 1990 fiscal year compared to 1989, our overall level of loan losses rose 148%, largely in response to the recession. That is somewhat higher in that year than the Bank of Montreal, which rose 118%, and the Bank of Nova Scotia, which rose 108%. In the first quarter of this year, our rates of loan losses actually, as I mentioned the other day, rose at a rate lower than an average of the major schedule 1 chartered banks.

In general, given that we do a riskier type of loan, we think our performance in 1990 versus 1989 was comparable and reasonable in relation to the chartered banks, and in the early part of this year was substantially better. I would not anticipate that this positive trend of the first quarter would continue in the face of the current economic conditions we are dealing with.

**Mr Carr:** What are the objectives? What are you doing to improve it again? What type of programs are we looking at? How would you say you are attacking it to make it improve regardless of whether it is good, bad or indifferent?

**Mr MacKinnon:** If I can comment, we do not want to be too good in this one. If we are too good, why have us, in a sense? We generally tend to run a little bit longer with some of our borrowers and some of those that are in most need than the bank down the street would. If we were

consistently well below a chartered bank level, I am not sure we could be seen to be doing that.

There is a balance to be achieved there. If we are too tight, we may not be doing much in terms of job creation and development or we may be interfering where it might occur. On the other hand, if we are too loose, obviously it is costing money unnecessarily.

1710

**Mr Carr:** Just along those lines—

**The Chair:** This will be your last question, Mr Carr, in respect of the time.

**Mr Carr:** The time goes fast. I wondered if I could get from you some of the criteria. I think the other day you said you basically give guarantees to one in five. I wanted to see if we could get from you, whether it be your policy manual or criteria, what some of the criteria are that you look at when you are making the decision if I come in with my widget company and I lay out what I am going to do and how I am going to do it.

There are a lot of factors that go into it. It is not like a bank where they look at it and say more from the safety aspect of protecting the loan. I wanted to see if you could lay out the criteria. Maybe if you could do it now and then if it is more detailed—

**Mr MacKinnon:** I can do it very briefly and then perhaps you can let me know if you wish it in greater detail. The first thing we would look at if you walked in the office is you.

**Mr Carr:** I guess I am in trouble now. I would never get it.

**Mr MacKinnon:** The second thing we would look at is the business. The third thing we would look at is the possibility of long-term development to that business in relation to competitive factors such as the market, other competing technologies and so on. We would go right through a list of those sorts of things and we would evaluate them in much the same way that any lender would evaluate, although we would take a higher level of risk.

That is typical of our lending to small business. If we are making a larger loan at the request of the province, then that works in conjunction with the Ministry of Industry, Trade and Technology itself and it goes to cabinet. A variety of factors are looked at with a greater degree of intensity.

The fundamental thing we are looking for is, will this business develop in the future in a satisfactory way and will it contribute through job creation so that we can more than recover the original public investment we make? Of course, there is a cost to that investment.

I did explain this matter in some detail to the standing committee on government agencies some time ago, Mr Carr, about six weeks ago. If you wish, we could make sure that a transcript of that discussion, which was very extensive, is made available to you.

**Mr Carr:** I would be pleased if you could. I would say more, but we will get it in next time around.

**Hon Mr Philip:** We have copies available if you would like to hand them out to the committee.



**Mr G. Wilson:** I would like to turn to an area that Mr Carr raised yesterday, although he did not pursue the idea. In fact, I thought he dropped it with a note of disapproval. He had a flyer here advertising a program, I think sponsored by McMaster University, involving several groups in the community.

As you know or maybe you do not know, Kingston is the home of one of Canada's most acclaimed universities, Queen's University. It is certainly one of the oldest. It is celebrating this month its 150th anniversary. It did raise in my mind the extent to which a ministry like MITT is using our universities to be aware of the most recent ideas in the business field and in the areas of technology and seeing where advances can be made. That is the first part of this question. I was wondering if you could respond to that, Minister.

**Hon Mr Philip:** Your question is very broad and I was wondering if you wanted—

**The Chair:** You can say some nice things about Queen's.

**Hon Mr Philip:** I can say all kinds of nice things about Queen's. It has an excellent transportation technology centre and I would be pleased to give the Minister of Transportation's answer on that as well.

**Mr G. Wilson:** I guess that is part of it, but specifically I was wondering whether there are arrangements with various departments in universities for studies that could be used to develop various industries and areas of technology.

**Hon Mr Philip:** Of course, our centres of excellence are a good example of how we are able to work between Ontario industry and the universities. As I have gone around the province talking to the business community, it is very favourable towards what is being done in the centres of excellence.

The university research incentive fund is designed to encourage co-operative research and development between universities and the private sector. For those of you who may not know, the fund matches investments made by the private sector in university contract research. To date, over 470 projects have received funds. That program is delivered by the Ministry of Colleges and Universities.

We have the centres of entrepreneurship offering training courses in innovation and entrepreneurship. There are six centres being established in post-secondary institutions across Ontario and the program is set up for a sunset review in 1991. So we will be evaluating them.

We have also provided grants to universities through our regional offices in small business Ontario for certain types of projects. We have provided a grant to operate a centre at Sir Sandford Fleming College and the centre provides for information and training for CEOs and middle management. We have the university small business network program, which enables businesses to obtain low-cost consulting services from graduate and senior undergraduate students under the guidance of faculty members. We also provide ad hoc grants to universities in support of specific projects. Maybe my staff can outline just a few of those projects.

Before I ask them to do that, something I am really excited about and the president of the University of Toronto

was absolutely glowing about is the International Space University. I held a press conference at the University of Toronto, at the planetarium. We are going after, in competition with a number of other jurisdictions which we think cannot provide nearly as good a facility, having the International Space University. We have competition from the States, from France and there is also competition from Quebec, but we are hoping that Quebec will be co-operative.

I am in the process of contacting each of the provinces. We have already had initial, very positive support from western provinces and we are hoping that we are going to win it. The largest percentage of space-related companies is located in Ontario. Notwithstanding certain tendencies by our federal government to favour another province not far away from us in terms of these things, we think we are in a much better position.

If you want more information on that particular initiative because it is the most recent one, Claudette, would you like to elaborate a little bit on that?

**Ms MacKay-Lassonde:** As you were talking about the issue and when you brought up the ISU, I thought this was the best example of co-operation not only with universities but industries through the centres of excellence and the Institute for Space and Terrestrial Science. I am not quite familiar with all those names now, but certainly it is a very good example. We have the space industry certainly very supportive as well as universities.

One of the them is the University of Toronto, and we have York University. If we get co-operation from Quebec, we will certainly have McGill University involved. So I think there is a lot of potential. We feel very strongly that we have a very good position with respect to winning the bid. I myself visited the headquarters of the International Space University, which is temporarily located in Boston. Their indication was that Toronto is a very attractive location because of U of T, York, multiculturalism, the space industries and other things.

1720

**Hon Mr Philip:** I believe the Chairman has asked if he might have permission of the members to ask me or Claudette a question on that. I try not to argue with chairmen, so maybe we can be gracious and let him have a question.

**The Chair:** Is there any difficulty with that? Agreed.

**The Chair:** My question is on the minister's point with respect to the bent of the federal government. I wondered if outstanding matters that were policy matters for the new government prior to it arriving as a new government are still on the books or part of the decision-making process. For example, the position taken on Litton industries and the kind of activities surrounding Litton industries in this province, the very clearly enunciated policies for the New Democratic Party and the clearly enunciated policy at its conventions. The other was the nuclear weapons-free resolution for this province, which Mr Johnston, formerly of your caucus, sponsored and I assisted with.

Both of these have implications in the context of inter-provincial competition. I wondered if these matters had been relieved as a potential cloud to the issue, because

they do speak to the issue of a bent, a government persuasion and an environment where we would accept the space industry in Ontario but not if there was a nuclear component to it or if there were any military applications in the specifications. That would have been a question.

There might even be another one further with respect to certain content for production in co-operation with other countries. I just wondered if that is still on the books or if you are relieved of that as the minister. That would be helpful in Ontario competing.

**Hon Mr Philip:** ISU is an educational institution that is dedicated to the peaceful use of space. I think that is a key point. Litton industries, which happens to be located in my riding, produces a lot of peaceful technology in addition to whatever may have been used for various other purposes. Certainly with the ISU we do not see any of these space programs to be used for military purposes, so it does not pose any problem for us. It is not an issue.

Where we get into some problems occasionally—and my policy is to talk to the federal government about it and often we can get an interesting compromise and understanding; I have found them quite co-operative—is if there is a problem of armaments technology, that kind of thing. We have been fairly successful in dealing with that with our federal government. I do not want to mention which companies might be involved, but the federal government has been very supportive of trying to make sure that we are shipping materials that are going to be used for peaceful purposes. I would rather not name the companies, but there are some where we have been able to work out things.

**The Chair:** I want to thank the committee for allowing my indulgence.

**Mr G. Wilson:** As long as it was at the expense of somebody else's time and not ours.

**Hon Mr Philip:** No, he did not cut off your time. He has assured me of that.

**Mr G. Wilson:** There was another aspect I wanted to address as far as universities go. In a way it is highlighted by the mention of the ISU because, as I mentioned, Queen's is 150 years old. Obviously things change at universities and it is a good reason for making sure they are well funded to keep up with the latest thinking. I do not want to see them simply in terms of creating well-trained workers. What we want is well-rounded graduates who can move into society at large.

What makes me think of this is your contention that there has to be co-operation among the leading participants in the economy. I am thinking, of course, of government, business, labour and the community at large. I was wondering whether you had some comments about well-rounded graduates from universities who do not see themselves as simply cogs in the system and poorly paid at that. In one scenario there is the pressure on wages and concessions, that workers give up wages to make industries competitive, as opposed to something you mentioned earlier, the value added jobs that require well-trained people as well as thinking people.

I was wondering whether you would have some idea about how the universities could play a role in that and just

generally the co-operative model you are suggesting for the upward economy.

**Hon Mr Philip:** I think the co-operative model was beautifully outlined in an excellent speech yesterday at the Canadian Club by the Minister of Research and Technology—you go from government to government and they change titles—of the Republic of Germany, Dr Heinz Reisenhuber. He spoke for 45 minutes, with only a few handwritten notes, very eloquently in absolutely perfect English, and held the whole audience captive. Basically, he said that knowledge is universal and knowledge should not be used by a country exclusively for its own financial gain. I think that was the theme of his message. The moment that a country starts to use knowledge or research exclusively for its own financial advantage, then it is in deep trouble. I think that was his message and I very much agree with it.

You have to have basic research in order to have the practical research that follows. Countries that do not invest enough in basic research do not have the practical research. So it is not either/or; it is both. I would be very much opposed to a university becoming so restricted in its research that it then becomes obsessed with patents and that kind of thing when it comes to the basic research. We are in a global village and we should be sharing that information. Advances have to be spread from one country to another. I wish I had a transcript of his speech. It was not written out, so we do not have a transcript.

**Mr Kwinter:** If I could just comment on this space university, I do not want to be a pessimist, but I would be very surprised if that facility wound up in Ontario. I lived through a similar situation when we talked about the space agency. I met with the federal authorities and they told me outright that, as far as they are concerned, Ontario has the automobile industry and Quebec is to have the aerospace industry. The minister is correct in saying about 52% of the industry is located in Ontario, but they are unanimous that at the very least the centre should be in the national capital region. If they want to put it in Quebec, put it in Hull. The words that were said to me were: "If we put it in Hull, it would be exactly the same thing as putting it in the middle of the river. We want it in Quebec and we want it to be perceived as being in Quebec. That is why it's going to Montreal."

The minister approached me during the election and asked me if I would, in the interests of keeping the country together, support the idea that the space agency should be in Quebec. I cannot believe, if the federal government is participating, having made the decision after a great deal of acrimony from the industry and from everyone else to put the space agency in Quebec, it would support the space university anywhere else but in Quebec, which would then solidify and buttress its position to make Quebec the space centre of Canada. That is just a comment. Take it for what it is.

I can tell you through experience and through lots of consultation with the industry that this is just a fact of life. They may be kidding the troops and they may be telling you certain things, but when it comes to the crunch, the Quebec caucus is going to be there. If they are participants, if that university comes to Canada, it will go to Quebec.



That is just my personal opinion. When the decision is made, if it comes to Canada, it will be interesting to see what the—

**Hon Mr Philip:** Would you like a response to that one?

**Mr Kwinter:** Sure.

1730

**Hon Mr Philip:** I recognize and indeed I appreciate your experience and I enjoyed our private meeting the other day in which you shared some of these experiences.

I have the feeling—maybe I am wrong and maybe I am overly optimistic—from my meetings with Mr Wilson and from the feedback I have had from the Premier's meetings with Brian Mulroney that maybe the federal government is becoming a little bit more flexible than it may have been in the past. I do not know whether that is just because they are being more realistic or whether it is a fear not of this political party, the NDP, or even the Liberal Party, but maybe of another political party that might use some of these things in a way that may not be all that constructive.

I like to think it is because they are realizing that you cannot be one-sided. It is not good politics, for one thing, but it is also not fair. If they were as rigid as you seem to be painting them, I do not think Michael Wilson would have been willing to pour \$151 million into de Havilland. That is the aerospace industry. The aerospace companies I have talked to have put a lot of trouble into this bid to bring the university to Ontario and I do not think they would have put in that kind of work if they did not feel that we stood a chance.

Let me give you one other reason why I think we stand a chance. I believe—I think the federal government realizes this and hopefully Quebec will realize this; I am sure they do—that if both Quebec and Ontario go after the space university, probably neither of us will get it. The French or somebody else will get it. There is every reason, now that we are both in the game and we both have strong bids, that we can start co-operating and maybe we can share the university.

Quebec certainly has the International Space Law Society. There is no reason why that should not be at McGill University. The Institute for Space and Terrestrial Science is strongly supported by industry and it is behind this bid, so I do not think that we have lost. What I would hope is that we are willing to be flexible and we are willing now to co-operate with Quebec. Maybe together, along with the persuasion of the federal government, we can come up with one bid that will be a winner for both Quebec and Ontario. Then we are on our way to winning this.

**Mr Kwinter:** I agree that if you could come up with one bid that was an accommodation between Quebec and Ontario and it was backed by the federal government, you would have a good chance. I would not say you had a 100% chance. But if two bids go forward, again I am prepared to put on the record that I would be stunned if the federal government would support Ontario over Quebec in a bid for a space university. It would really set them up for saying: "You made a mistake in putting the space agency in Quebec. Why are you not at least being consistent?" So I just put that out as a suggestion. We are not going to

resolve it in this discussion, but I just wanted to throw that out as a caution to you.

**Hon Mr Philip:** My feeling is that if there are two bids, it does not matter a whit who the federal government supports. The fact that we have two bids will mean that our chances will be greatly diminished and we will both lose. The federal government could support either side in that case then. It is not going to make a bit of difference.

**Mr Kwinter:** Turning to the estimates book, I would like to get from the deputy or from Mr Wood or somebody the broad categories dealing with the \$21,536,000 for services in the trade and international relations operating budget. Just very broadly, where does that money go? I have a reason for asking that.

**Mr Armstrong:** Which page is that?

**Mr Kwinter:** That is on page 34.

**Mr Armstrong:** Where is the breakdown on that? Brian, can you speak to that?

**Mr Wood:** Well, \$23 million goes directly to the offices.

**Mr Kwinter:** What I want to know is the breakdown of how much goes to what offices.

**Mr Wood:** I can provide that.

**Mr Kwinter:** As I say, just in broad terms. I want to know how much is spent on our American offices, how much is spent in the Pacific Rim, how much is spent in Europe.

**Mr Wood:** What number did you say?

**Mr Kwinter:** I said \$21,536,000.

**Mr Wood:** Actually there are three categories. The major component is services, but you have to add up the three categories of services, transportation and supplies and equipment.

Of those three areas, to the American branch, which is the six offices of Atlanta, Boston, Chicago, Dallas, Los Angeles and New York, \$9.4 million goes to cover off that operation. Within that operation there is some program delivery of that operation. For Europe, the Middle East and south Asia, the offices of London, Paris, Frankfurt, Stuttgart, Milan and New Delhi, it is \$9.6 million. Again, that is the three, and that includes salaries, by the way. I can break it down further and give you the exact figures. For the Pacific Rim of Tokyo, Korea, Singapore, China, Hong Kong and Taiwan, it is approximately \$7.9 billion, almost \$8 million.

**Mr Kwinter:** That is fine.

Mr Chairman, could I also confirm our trade figures worldwide? I do not know what they are currently because I do not have access to the information, but certainly when I was the minister, the feeling was that we did about 90% of our trade with the United States, 4% with Europe, 4% with the Pacific Rim and 2% with the rest of the world. Is that still pretty well the way it is? Does anybody here know?

**The Chair:** Whether these statistics are done annually, at what point and when the last update was would be helpful to the committee.

**Ms MacKay-Lassonde:** I do not have the percentage per se, but I can give you the dollar value. The latest dollar value is \$65 billion, Latin America, and \$64.5 billion of that is with the US; \$3 billion with our Asia branch, and \$7

billion with Europe. I know 85% is essentially roughly with the US.

**Mr Kwinter:** The point I am making is that when you are allocating resources—and what you are doing is you are allocating resources almost equally among the three major areas—there is a bit of a discrepancy. One is at \$9.6 million, one is at \$8.9 million, \$9.4 million, but basically you are taking \$21 million or \$22 million and dividing it three ways among three major areas of the world.

Although I am an absolute advocate of diversifying our business, I have a major concern. Unfortunately, I came to this realization fairly late in my tenure as the minister that when you have such a huge business that takes place in the United States, and if you were to increase that by 1% or 2%, you are talking a very large number. If you were to take the Pacific Rim business or the European business and increase it by 1000%, you are talking about a very little number. So what you have is an equal allocation of resources for a very unequal return on your investment.

One of the major complaints I kept getting from the US sector was that the offices were funded, the people were funded, but nothing else was and that there was no money there for them to go out and do anything, to go out and really run programs, to create some incremental activity that is going to be of great benefit to the province. Again, as I say, all you have to do is have a very small increase in the business that we do in the United States—90% of our business is there—whereas you can be out there—and again I am not saying you close down the offices—banging your head against the wall for 20 years in the Pacific Rim and in Europe and, if you get 100%, 200% or 300% increment, you are getting very little real-term increment. I was just wondering whether you have been taking a look at that and what you feel about it.

1740

**Hon Mr Philip:** I do not doubt that from your perspective when you were the minister and from the data at that time, that may have made sense, but I think that since you were the minister a number of things have happened. We have had the recession, we have had free trade and we have had restructuring, and I think you cannot just take a simple figure like that without taking into account the events in the world. You have to say, "Where are we going to be or where do we want to be in 10 years' time?"

Right now we are looking at where our offices are and where maybe they should be and where we should maybe have arrangements with other people, maybe not offices. For example, where is the African continent going to be, particularly after South Africa hopefully becomes democratic and more open and the world starts to recognize it and maybe there is a change of government or whatever?

I think you have to take that into account. I do not think you can just measure it in terms of what has happened in the past. If you follow what you said to its illogical conclusion, and I know you are not implying this, then why not put everything into the United States, and then if you really want to follow that to its illogical conclusion, why bother having an independent country of Canada? Why not just join up with the United States and be part of

its global market instead of worrying about being an independent country that is trying to develop a more flexible set of markets and that kind of thing?

I do not think it is just a dollar kind of analysis, to say 85% of our resources should go into the US since 85% of our present sales do. Hopefully, there are some really good markets. Times are changing, governments are changing policies and we have to be in there early. Sometimes you can invest for five or 10 years before you start getting a return on that investment.

I have had people tell me, "If you are not positioned for when South Africa comes back into the fold, you're in trouble." I have had that from so many people of different political persuasions, people from the very left-wing business community to the very right-wing business community. What happens then when China comes back into the fold? You have to be in there or you are not in the game.

**The Chair:** That is a very interesting question. I know I have still kept eating my Granny Smith apples. I cannot do without them, even though I know we have been boycotting certain things from South Africa.

I am afraid I have to recognize Mr Carr because I either have to have everybody return next week to do 15 minutes' work or else call the votes at approximately 5:53. I am in the committee's hands, but I sense that we can quickly resolve that we would like to move into the votes in about 10 minutes, no later. If that is the concurrence of the committee, I recognize Mr Carr.

**Mr Carr:** I was interested in some of the situations with Ortech. I do not know who is familiar with that. I wanted to know the number of companies they would have contact with on a yearly basis.

**Mr Corcoran:** I have not got the answer, but I will get you the answer. The thrust of the thing is they deal with a great number of small businesses, small contracts which are not very profitable, but I must say they are helpful. I will get you that stuff.

**Mr Carr:** How many people are employees?

**Mr Corcoran:** Do not hold me to it, but it is not far off 325.

**The Chair:** The deputy has pulled out the minister's briefing notes on Ortech International. This should be quite enlightening here.

**Hon Mr Philip:** Maybe Mr Corcoran would like to have the same briefing notes that I have, and then he could answer the question.

**The Chair:** He probably prepared them, actually.

**Hon Mr Philip:** We are not going to give them to him, but we are going to give him a test next week on it. I am sorry, I am just putting him off. He has a lot of knowledge in his head about all of these things.

**Mr Carr:** I just wanted to see the main thrust of where some of the smaller businesses are saying they need assistance. Has it remained the same? Is it changing? Are they saying it is in the area of transportation? What are we hearing from the business community?

**Mr Corcoran:** Their thrust is transportation and automotive, but I cannot say if that is the same thrust in the



small businesses. Your question was, is the thrust in small businesses the same as what their major thrust is?

**Mr Carr:** Right. With the amount of time being spent, where is the major area that it is being spent?

**Mr Corcoran:** Transportation, automotive—there is a third thing.

**Mr Carr:** Environmental?

**Hon Mr Philip:** I did not hear environmental research being mentioned at all.

**Mr Corcoran:** The member informed me it is environmental. I appreciate that.

**Mr Carr:** I just wanted to see if it was changing.

**Mr Corcoran:** No.

**Mr Carr:** So the thrust has been pretty much the same.

**Mr Corcoran:** It has not changed. They had new management come in there and they have continued the business. My sense is they seem very upbeat about it.

**Mr Carr:** Just along those lines of the automotive, the minister will be aware of the award for quality that the people in Cambridge won at the Toyota plant up there. I sent them a little note of congratulations and I had planned a tour to go up there, but I had to cancel it because it fell on the day that I am going to be over at the Constitution convention.

I was just wondering, and maybe the minister would like to take a look at this, obviously we are looking at a situation where North America-wide we in this province have been able to compete and show the rest of the world what they have done up there. What are we doing to take some of that expertise and be able to transfer it to other people in that area? Is there anything being done in that area?

**Hon Mr Philip:** We have an industrial—what do they call the program? Transfer?

**Mr Armstrong:** Industrial support for the capital projects. Peter Friedman is—

**Hon Mr Philip:** No, he is talking about the transfer of the technology and expertise that we have paid for in Cambridge to others in the industry and what kinds of programs we have to do that.

**Mr Carr:** How much is it? How much time?

**Hon Mr Philip:** The technology personnel program was one that slipped my mind at the time and I think that is part of the way in which we are doing some of that. I have also met with the auto industry and suggested that we have to look at ways in which the larger companies can work with the government to develop more competitiveness among their suppliers. I think we can do that sectorally.

**Mr Carr:** What I am getting at with regard to that is, rather than us as the experts in government saying to business, "Here is how you should be operating," obviously we are looking at a facility that has been very successful, that might be able to say to the government of Ontario and the ministry, through its various programs: "Here's what we've done. Here's how we've been successful." "Here are some of the programs." We can then take—and it might not just be automotive-related—some of the factors that made them successful. I just use them as an example. There are others as well.

What are we doing to take some of that expertise and management style, philosophy, good things, to be able to then incorporate them into a package, to be able to then go down the road to XYZ company and say, "Here is something that has made this company successful"? Is there anything being done in that regard?

1750

**Mr Friedman:** In terms of quality control specifically, we are holding seminars around the province to help teach smaller manufacturers about the methods of quality control. In that process we are bringing quality control experts from various large companies who have specialized in certain quality control methods.

We did four last fall and we are doing another four this coming spring, where we gather together in certain communities. The speakers at those seminars would be people from various companies who have done significant things in quality control methods. We are teaching smaller businesses quality control methods specifically.

In terms of other technology-related things, the minister talked about the technical personnel program. There we are offering assistance to bring in technical specialists. We pay 50% of the cost in year 1, 25% in year 2 and so on, when a company requires a technical specialist in its firm. These are small and medium-sized companies only. If they wanted to carry on a project, whether it is a capital expenditure or quality control system, they would hire that person, who would put that stuff into their system.

Just one last small point on this area: In Hamilton-Wentworth there is a business advisory centre that has been operating with our assistance for over 10 years. Specialists from large companies are volunteers and go into smaller businesses to help with problems they have in the areas of very practical things like quality control or technical problems regarding their paint systems or other things. Large companies have specialists in almost every area. We have tried to bring those volunteers into the smaller businesses in Hamilton. That kind of volunteer mechanism has been spreading to other communities in the process.

**Mr Carr:** How many people would have been served by some of these companies? Are we talking about thousands or a couple of hundred?

**Mr Friedman:** I do not have the figures for the four seminars. I can give you those. I believe about 50 companies attended each of the four seminars in the quality control area.

**Mr Carr:** What I was going to ask is whether they are solicited or whether we are proactive towards it.

**Mr Friedman:** We are proactive.

**Mr Carr:** How do we do that? Do we sell through advertising?

**Mr Friedman:** Yes, through advertising and through the field organization. We would go out and publicize through clients that we are going to have a quality control seminar in their community and tell them to come if they are interested. We promote that through our network and through advertising.

**Mr Carr:** But we are only hitting—

**The Chair:** Mr Carr, at this point, if I may, and I apologize, but in order to be finished by 6 of the clock, at this point I would like to allow the minister to make a brief statement recognizing the completion of this portion of the estimates if he wishes. I would like to move into the vote within the next few minutes.

**Hon Mr Philip:** I just want to add that the technical personnel program is a five-year program worth \$38 million.

I thank members of all three parties for what I thought were some really interesting questions. I thank my excellent staff who were here for the estimates and you, Mr Chair, for conducting this set of estimates. I have been asking the questions for 16 years and I think it is a lot more fun answering the questions, quite frankly.

**The Chair:** Mr Kwinter, did you want to make a brief statement?

**Mr Kwinter:** I would like to echo what the minister said. I thank members of the staff and the minister for being open with us and discussing it. As I said at the beginning of these talks, I wish him well in his portfolio.

**Mr Carr:** I want to thank all the staff. There is a tremendous amount of expertise. I think everybody recognizes the more we hear from them, the more we realize what quality people we have working for us. I also thank the minister for his time. We are going to be able to work together in the spirit of co-operation.

In trying to be helpful I will be asking a lot of things of the minister. We would like to continue that and work with the people out there because, as I said earlier, this ministry is the one that is going to have to generate a lot of the revenue that is so badly needed over the next little while, and the jobs and everything else. We look forward to this being just a start.

**The Chair:** The staff are still present and are aware of the outstanding matters that have been requested by the committee, and that they are to be forwarded to the clerk of the committee, who in turn will distribute them to all members of the committee.

**Mr Phillips:** I just want to make sure my final request was noted, the indicators of investment and of business confidence.

**The Chair:** I believe that has been put on the record and acknowledged by staff.

It may be deemed by the committee that we have completed the time allocated for the estimates of the Ministry of Industry, Trade and Technology. It being nearly 6 of the clock, I shall now move the following votes.

Votes 2201 to 2203, inclusive, agreed to.

**The Chair:** Shall the estimates of the Ministry of Industry, Trade and Technology for the fiscal year 1991-92 be reported to the House? All those in favour? Those opposed?

Agreed to.

The committee adjourned at 1756.



## CONTENTS

Wednesday 2 October 1991

Ministry of Industry, Trade and Technology . . . . .	E-445
--	-------

### STANDING COMMITTEE ON ESTIMATES

**Chair:** Jackson, Cameron (Burlington South PC)  
**Vice-Chair:** Marland, Margaret (Mississauga South PC)  
Carr, Gary (Oakville South PC)  
Daigeler, Hans (Nepean L)  
Farnan, Mike (Cambridge NDP)  
Johnson, Paul R. (Prince Edward-Lennox-South Hastings NDP)  
Lessard, Wayne (Windsor-Walkerville NDP)  
McGuinty, Dalton (Ottawa South L)  
McLeod, Lyn (Fort William L)  
O'Connor, Larry (Durham-York NDP)  
Perruzza, Anthony (Downsview NDP)  
Wilson, Gary (Kingston and The Islands NDP)

**Substitutions:**

Kwinter, Monte (Wilson Heights L) for Mrs McLeod  
Phillips, Gerry (Scarborough-Agincourt L) for Mr McGuinty

**Clerk:** Carrozza, Franco











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E-16 1991

E-16 1991

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## Legislative Assembly of Ontario

First Session, 35th Parliament

## Assemblée législative de l'Ontario

Première session, 35<sup>e</sup> législature

# Official Report of Debates (Hansard)

Tuesday 8 October 1991

# Journal des débats (Hansard)

Le mardi 8 octobre 1991

**Standing committee on  
estimates**

Ministry of Housing

**Comité permanent des budgets  
des dépenses**

Ministère du Logement



Chair: Cameron Jackson  
Clerk: Franco Carrozza

Président : Cameron Jackson  
Greffier : Franco Carrozza



## Table of Contents

Table of Contents for proceedings reported in this issue appears at the back, together with a list of committee members and other members taking part.

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## Table des matières

La table des matières des séances rapportées dans ce numéro se trouve à l'arrière de ce fascicule, ainsi qu'une liste des membres du comité et des autres députés ayant participé.

Il existe un index cumulatif des numéros précédents. Les renseignements qu'il contient sont à votre disposition par téléphone auprès des employés de l'index du Journal des débats au (416) 325-7400.

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON ESTIMATES

Tuesday 8 October 1991

The committee met at 1530 in committee room 2.

### MINISTRY OF HOUSING

**The Chair:** We have assembled today to commence estimates of the Ministry of Housing. We have allocated seven and one-half hours, and before we begin I would like to raise the question, as I always do, in which fashion do you wish us to proceed once the opening statements have been made by each of the parties? If you can give that some consideration, we will arrive at a consensus on how we would like to approach these estimates.

Welcome, Minister, to your first estimates as the Minister of Housing. As you know, our standing orders allow you up to one half-hour to use as you wish. If you have as part of your presentation any members of your staff, I would ask you to introduce them, then we will follow in rotation with the official opposition and the third party, and then we will return to you for final summary, comments and questions.

If there are no questions at this point, I will recognize the minister.

**Hon Ms Gigantes:** Thank you, Mr Chair. I have not provided copies of a statement to members because I do not intend to make a statement. The ministry has very kindly drafted an outline which I could use for a statement, and I have read it with interest. It helped me understand the ministry and our programs, but I thought it would be more useful just to begin with a few short, introductory remarks. This is a real plunge into untried waters as far as I am concerned, having been with the ministry a total of 10 weeks now. I certainly do not feel proficient in all the programs, the financial mechanisms of the ministry, or anything of that nature. So I am really looking forward as we go along to learning, along with members of this committee, a good deal about ministry operations.

I would like to take a moment to introduce the new deputy in the Ministry of Housing, Dan Burns. He says I have twice as much experience in the ministry as he does, except he is not counting the Sundays he has been into the office when I have been back in the riding in Ottawa.

All members here will be familiar with the changes that have taken place within the Ministry of Housing agenda over the last several years. I believe that the last time estimates for this particular ministry were held was about two or three years ago, so it has been some time since there has been a committee review of programs of the ministry, and in that time there has been a great deal of activity within the ministry and an enlargement of the programming and I think an enlargement too of the ministry's concept and the government's concept of what it is that the Ministry of Housing can be called upon to do.

Obviously, at this stage the area in which I have devoted most of my efforts has been to come to an understanding

of the points of view of the Ontario community, if I can put it that way, about the rent control legislation which my predecessor, Dave Cooke tabled, Bill 121. Just to bring committee members up to date on that, we are in the process, the final stages really, of considering potential amendments arising out of the hearings which the committee undertook on the bill. I would welcome suggestions from committee members during these estimates if there are areas that you would like to stress, that you feel would be most important to amend in the bill, because we are at that stage where we are down to final considerations.

One of the ways I found very useful to learn about what is important to people in Ontario, about the activities of the Ministry of Housing, has been to read those letters which people have sent to the minister before me, and to me, and to ministry officials about the issues that are most important to them in housing. There is no doubt in my mind that rent control is a major concern of people in Ontario.

I had the good fortune to be invited this morning to give a brief address to the Ontario Association of Non-Profit Homes and Support Services for Seniors. I pointed out to them that in the area of housing the interests of senior citizens in Ontario are much wider than simply matters relating to nursing homes or homes for the aged or indeed, Ontario Housing Corp senior citizens' developments and so on, that a great many seniors in Ontario rent accommodation in the private market and that a great many of those people are at the poverty line. So what we do in the rental market has a great effect on the quality of life of senior citizens in Ontario. That is certainly borne out to me in the letters that have passed through my office written by a great number of senior citizens who, over the past few years, have seen their rents rise drastically and who find it very hard to cope. So my experience at the ministry has confirmed to me the importance of effective rent control.

1540

We have, over the last few years—and these were initiatives, really, that got rolling under the previous government—begun in Ontario to put a lot of effort, energy and money into the development of non-profit and co-op, community-based housing, either undertaken by municipal non-profit corporations or by various community-based groups.

In each of your ridings, I am sure you are aware of projects which people would like to initiate, or have initiated, for which they have received an allocation to proceed to planning, or for which they have received a commitment, or indeed, where their construction has begun, or the units have opened. You will all have sensed, as you joined them at the opening ceremonies, the great pride and feeling of accomplishment that community-based groups have, and indeed whole communities, when they are able to build up a stock of what they know is going to be long-term affordable housing. It will be good for me to be able to talk with

you about what you are finding out in your own communities where those projects are concerned.

One other item that I would like to raise as a matter of particular interest to me is what happens with our 84,000 units of public housing in Ontario. Half of those units, as you are well aware, are senior citizens' units, and in most of those I guess we can describe problems which are repetitive across the province; very often they relate to difficulties with old elevator systems and the need to have a bit of accommodation so that community-based services can start doing what I call in-reach to the people who are living in our public senior citizens' developments.

We have got a lot of work to do there, but we have even more work to do, I think, in some of the older, larger family-style housing that Ontario Housing Corp has in its portfolio, much of which developed 20 to 30 years ago often in communities around this province, located on what was then the outside of town which these days, because of urban growth, has often become valuable and near-centre town property.

What we should be doing to make life better in our public housing family areas, and what we should be doing with the land we have there and the investment we have in the housing there, which is still a prime source of affordable housing for people with core needs in housing, all those matters are things that I would like to think we can address without going through 10 years of nudging around the edges of it and dreaming of it and consulting about it. I would like to be able to see us move fairly decisively with input from people who are living in those neighbourhoods, but with a very clear idea about what we are setting out to do.

I do not have clear ideas yet, as minister, but this is an area in which I have a very strong interest, partly out of the experience of my own community and partly learning of the experiences of other communities, particularly here in Toronto.

With those short opening indications of my hopes and expectations for our committee work, Mr Chair, I would be pleased to pass responses and get into our questions.

**The Chair:** That is an appreciated and refreshing approach, and thank you. I am treading water at the moment until I get to recognize the Housing critic, but perhaps the new deputy would like to offer a few words on this the occasion of his first estimates.

**Mr Burns:** I do not have any particular remarks I want to add, Mr Chair. I am happy to be here and be part of the discussion.

**The Chair:** That is also appreciated and novel for a senior civil servant. I recognize Mrs Poole. You have up to a half an hour for your comments.

**Ms Poole:** Thank you, Mr Chair. It is a pleasure for me as the Liberal Housing critic to make a few comments. First of all, on a positive note, this is my first opportunity to officially congratulate the new minister on her portfolio although, given the history of this particular ministry, I am not sure whether "congratulations" is specifically the right word to use.

**Hon Ms Gigantes:** You should have seen the last one.

**Ms Poole:** I think, perhaps, "commiserations" might be a more appropriate word, but nevertheless, we wish you well in your portfolio. Also to the new deputy minister, Mr Burns, whom I have known in the past, I give you my best wishes in your new responsibilities.

I am glad we have the opportunity to have the minister here so that we can ask questions and, more particularly, so that we can get some answers. I guess that is one of the biggest disappointments I have faced in the role as an opposition critic, the lack of information that has been forthcoming from the government. I have always believed that opposition should be responsible, that opposition should try to co-operate, because in the final analysis, we want the best for the people of the province, but I find that increasingly difficult when we do not have the information we need to work with. If we are to have a gentler and kinder Legislature, with the co-operation of the opposition, I would say that we cannot do this unless you share information. I can give you a number of incidents, most of which took place with the previous minister, but it appears the trend is continuing.

There have been very few announcements made in the House over the past year. I can count them on half of one hand. Instead, we get our information through press releases or through a government member asking questions in the House. There is rarely an opportunity for the opposition critics, whether it be the Liberals or the Conservatives, to offer any type of constructive advice, criticism, or anything else, because we are not given that opportunity.

Just yesterday we had another incident where 3,300 non-profit, subsidized homes were allocated through the new 10,000-unit program from the budget, and yet there was no announcement in the House. Instead of a fairly significant announcement being made in the House, we found out partially through a member's question in the House and then subsequently from a press release. I would urge the government and the minister to take a look at this problem, because I feel that if the House is to be effective, we have to have access to that kind of information. We should not have to rely on tracking down media releases, which usually end up at my office some two weeks after the specific event. I think that type of co-operation would be very helpful in getting our constructive advice as to what should be happening.

It does not end there. For instance, I have been sitting for a number of months—it feels more like a number of years—on the standing committee on general government as we have dealt with rent control. On August 1, I gave a list to the ministry, a fairly short list, of things that I would like in order to do my job as opposition Housing critic, including a definition of some terms that were mentioned in the act. As of today's date, a substantial number of those items have remained unanswered, and that was some nine or ten weeks ago.

I tabled a further perhaps 15 or 16 items on August 27, which again is, what, six weeks ago? I asked the ministry in particular to please give me whatever information they could as quickly as possible, because much of this information was necessary for the amendments which the minister referred to for Bill 121. Not one piece of information



has crossed my desk in spite of several reminders from my office and pleas that we need this information so we can help with the amendments.

The latest incident that I find extremely disturbing is that in the general government committee on a number of occasions, the Conservative critic and the Liberal critic both asked for access to the regulations that were being drafted. There was a commitment from the ministry that certain regulations they were in the process of drafting would be made available to us as soon as they were available. Unfortunately, I have now spoken to three groups, landlord and tenant groups, who a week ago were couriered copies of draft amendments on both the amortization table and the guideline formulas for their commentary. And yet as opposition Housing critic and as a member of the general government committee that is now formulating the amendments, I have not had access to that information. So I guess my plea on the other side is: "Yes, we are willing to co-operate. We are willing to give constructive advice, but we can't do it unless we have the tools to help." It is like tying our hands behind our backs.

1550

I am beginning to be quite dismayed at the stalling on the general government committee. We were originally to look at amendments for Bill 121 the week of September 16 and we were advised by the government that this was not possible, even though there had been three months' notice given of this date being set aside, because three members of the government party were on holidays that week and had their personal plans. Since then the general government committee sessions on Thursdays have been cancelled for three consecutive weeks, and the word I have received is that the government is not yet ready with amendments.

I find this distressing because I know the minister and the previous minister both expressed publicly and privately that they had a very tight timeline for the rent control legislation, that they really wanted to have it passed by the end of this year so they could have it in place as soon as possible. But the longer it is delayed, and we have no opportunity to go into clause-by-clause, the more difficult it is for us to have any type of meaningful debate, any type of meaningful dialogue on what these amendments should be. I find this whole process extremely distressing because I think we have things we can contribute, things we can do to help make the legislation better, and right now we do not have the full information we need in order to fully participate.

As far as this session of the housing estimates goes, I am really looking forward to not only asking those questions but also to finally getting some answers that will, I think, certainly clear the air somewhat. Perhaps it might be appropriate if I could detail a number of the questions that we would like some answers to during the course of the estimates so that ministry staff could have an opportunity and some time to prepare answers.

**The Chair:** May I just ask if you have that in written form as well? There will be some mad scribbling going on in this room.

**Ms Poole:** I have my own notes on this particular one that are in written form, although they have certain information which I am not sure—

**The Chair:** That is fair, thank you. That is fine.

**Ms Poole:** But certainly I would be willing to consult with ministry staff afterwards and I will try to speak slowly.

**The Chair:** If that is an appeal for more time, I would encourage you to get all your questions on the record.

**Ms Poole:** I will not speak slowly.

First of all, we would like the minister to detail all the expenditures in the ministry that might be affected by the Treasurer's spending cut announcements. Obviously housing is one area where, particularly with the third party over the last year, there have been concerns expressed about spending. We think this might be one of the logical places for the Treasurer to go, so we would like to know from the minister if she is aware of any of her programs that will be cut or discontinued.

Second, relating to the building services program—and I am trying to more or less follow this in the order of the briefing book for the housing estimates—I would like to know from the minister what standards issues are to be covered in the code for existing buildings, what the plans are for the enforcement and what the projected costs are for public and private buildings in this enforcement and standards area.

My third question relates to housing operations. From that I would like a commentary from the minister as to the status of the Homes Now program, and particularly the average annual operating subsidy. I appreciate the minister will not be able to answer all these things today, but I would like the minister to let us know if there have been any policy changes in the NDP's administration of the Homes Now program. It would also be very helpful if it could be clarified whether the NDP government has made the decision to fund unit renovations under Homes Now. If there are units that have received that kind of funding, we would be most interested in having an analysis of how many and what kind of funding has been allocated.

Further to the minister's announcement via press release yesterday of the 3,300-plus allocations under the 10,000 non-profit housing units promised in the budget, there is some further information which we would like to receive. How many applications is the ministry working under? When will the first funding flow? When will the first units be constructed? How much of the cost of the new units is covered in this year's ministry estimates, as opposed to moneys that would be forthcoming from an allocation at a later date? Is the minister aware whether any of these 10,000 units have been affected by the Treasurer's proposed spending cuts?

There have been also recent increases in per-unit operating subsidy costs, so it would be very helpful if the minister would explain the reason for these recent increases and project whether there would be any above-inflation subsidy cost increases in the future.

**Hon Ms Gigantes:** Could you repeat that?

**Ms Poole:** Sure. We are looking at the operational subsidy funding of non-profit housing units. This has

increased recently, not only due to the number of new units covered but also to an increase in the average annual subsidy cost per unit. Under the new units announced by the government, the average annual subsidy is projected to be \$15,000. This is a significant increase over the \$8,000 and \$10,000 subsidies projected under the Liberal Homes Now program. Could we have an explanation for the recent increases in the per-unit operating subsidy costs, and whether the minister might project that there would be more to follow in that vein?

In relation to the housing policy statement, as the minister is aware, I guess it was over two years ago now that the Liberal government announced some changes in this regard, specifically to the implementation of the land use for housing policy statement. Under the policy, municipalities were required to plan for a 25% affordable housing component. My understanding is that the deadline for municipalities to implement the policy statement and have amendments to their official plans was August 1, 1991. My further understanding is that most municipalities have not complied; that some have indicated they will be complying but are in process of it; that others have indicated they have complied, but that the majority have not made such compliance.

As part of this, I have a number of questions for the minister. The first one would be, have you communicated with the municipalities that have not complied? I guess I should back up a step. Does the minister intend to pursue the Liberal initiatives in this regard? Second, if the minister does intend to pursue this policy, has she been in touch with any municipalities to confirm what would be the date of their compliance and to confirm, for those who have not indicated any date of compliance, whether they intend to comply at all? Most important, I guess, what will be the minister's actions in the event of municipalities that have refused to comply or have given her an indication they are unwilling to do so? How far is the minister willing to take the enforcement and what steps will she take?

1600

**Rent review:** This probably could take a whole half hour just in itself, even to get the initial comments out about it, but I will try to limit my comments. The projected costs under the new rent legislation, Bill 121: Does the minister estimate that it will be more costly than the current system, less costly, or is she planning to reallocate current resources so that the systems will be quite similar as far as cost?

Another issue under the rent review bill is that there is currently a backlog of applications that have been frozen by Bill 4. Under Bill 121 as it now stands, those applications may be brought forward in a slightly different form. What does the minister anticipate will happen to that backlog? How many applications would there be that would fit into that scenario? How would she think any possible backlog under Bill 4 might affect an overall backlog for the new rent review legislation? Is it going to stall it? Are we going to see the same types of problems that we did under Bill 51 where the enormous changes in themselves and the increase in applications meant that a backlog was built in before they even started?

Can the minister give us any idea how the increased ability of tenant-based applications will affect both cost

and again backlog? What is this going to do to the system? Are there other factors in the new legislation which will affect changes to administrative costs, either to lessen administrative costs or, on the other hand, to increase them?

One final comment on the backlog. If it is anticipated—and I would assume it is—that there will be a backlog at least initially, does the ministry have any estimation of how long it would take to clear that backlog so that the new system is fully up and operational without that hindrance?

**Hon Ms Gigantes:** Could I just try to understand that one? Presumably, you are talking about a backlog under Bill 51, because when Bill 121 starts out, it is not going to have a backlog. It will have Bill 4 applications.

**Ms Poole:** The problematic feature is the rent increases effective as of October 1, 1990. Everything from that date has been frozen. So the ones that are currently in the system will have to be dealt with under the new legislation. There is also a component in Bill 121 which says that—

**Hon Ms Gigantes:** That is not a backlog; that is a forelog, if you know what I mean. What we are dealing with now, and will deal with for some time, are applications under the existing legislation.

**Ms Poole:** Perhaps I should phrase it this way. Under Bill 121 there is not a retroactive feature. Thank God for that. The Bill 4 retroactivity was quite enough for us, thank you very much all the same. By the same token, all those applications that have been frozen from January 1, 1990, until this new act comes into force and effect, which is optimistically, I believe, in the spring of 1992, even though they will not be for retroactive increases, the people caught in those situations will be allowed to bring those capital expenditures forward for the future. So we will have a large number of applications coming forward at one time for capital expenditures that under the current act took place between January 1, 1990, and when the act comes into place.

**Hon Ms Gigantes:** You are talking about Bill 4.

**Ms Poole:** Yes, I am talking about Bill 4. I am sorry. I thought I had made it clear that I was talking about the ones affected from Bill 4.

Just a couple of other things about rent review: The ministry has a number of educational programs for tenants and landlords and this year the ministry will be spending money to develop a video on the Landlord and Tenant Act. I wonder if the ministry could give us an estimate of what the cost will be for this particular program. We would also like to know how widely this video will be used and where it will be shown. Do they have any estimates, for instance, on how many of the province's landlords and tenants are likely to see this video?

I can appreciate this is a lot of information and we will certainly give every assistance to the Ministry of Housing staff afterwards to help them catch up with what we have asked.

The housing programs branch: Ataratiri has been a fairly controversial issue in the news lately. There has not been a lot of information revealed in the House about the government's intention in this regard. We would like to know the status of planning for Ataratiri, and at the same time, the status of various housing projects on government



land. This would also include the status of the ballet opera house at Bay and Wellesley, which was to include a provincial housing development. As the minister is aware, under her government there was a change in direction, so we would like to know what is going to be happening with that housing component.

The status of the Ontario Stock Yards lands: We would like to know what is happening there and whether the Ministry of Housing has consulted with the Ministry of Agriculture and Food about how the lands will be utilized when the stockyards shut down over the next 10 years.

Capital grants: There were a number of Liberal initiatives to fund private sector rental construction and rehabilitation; for instance, the convert-to-rent program. They have been continued by the new government, although some of them may well sunset. Much of the funding that has been continued, for instance, under the low-rise rehabilitation program, convert-to-rent and pilot project funding for the rooming house rehabilitation program has come from the anti-recession program allocation for the ministry.

Basically, I would like to know the status of all capital program funding announced under the Liberal government's assured housing initiatives, and whether funding for the convert-to-rent and the low-rise rehabilitation program is continued to extend into the next fiscal year. We would also like to know if there have been any changes as to how these programs would be delivered or how these programs would work.

The rooming house rehabilitation program: We would like specific information as to how the funding is being allocated, which programs to date have received funding, the total number of units that would be funded and the average cost per unit. We would also like to know if there have been specific areas of the province that have received funding under this project.

Perhaps one thing I could ask the minister to clarify for us is the difference between the Housing First and the housing priority policy. We would like to know whether any government land projects are proceeding while the consultation process is under way in this regard. We would also like a list of all surplus government land under review and the number of possible units for development on each site.

One of the last things I will bring up is the consultation paper the ministry released last spring on the housing supply. When I was reviewing that document I noticed there was very little about home ownership. What I would like from the minister is confirmation of whether she believes ownership housing is an important component of the overall housing supply and whether it is an important initiative not only of her government but particularly of her ministry. In that vein, we would also like to know whether the minister feels it important to increase the affordability of ownership housing and, if so, what initiatives her ministry would undertake to accomplish this.

1610

One of the things that surprised me was that the consultation paper does not review how co-ops are administered and whether there is going to be any sort of review of the administration of co-op housing. For instance, one thing we would like to know is whether middle- and

upper-income residents in co-op, non-profit housing units should pay market rent for their units.

Perhaps the minister would also like to elaborate on whether she feels there is any need for legislation to ensure that co-ops operate in an open, accessible and fair manner. I do know that one of the contentious issues regarding co-ops is the fact that they do not have any kind of common waiting list. If people want to get into a co-op, they have to track from co-op to co-op and get on individual waiting lists. I think it would be to the benefit of tenants across this province to have a common waiting list. It would make it much simpler for them to get into co-op housing, and to be fair about who gets into co-op housing. I would specifically like the minister to comment on that.

One of the things that puzzled me was why allocations of non-profit units were made in the 1991 budget before the review of housing policy under the consultation paper was completed. From that viewpoint, now that the government has announced there are going to be 10,000 units allocated, could these possibly be affected by the results of the minister's consultation paper?

One other question in that regard is when will the consultation paper, the first government answers or analysis of the consultation document, be ready.

I think my time is just about up. I just have a couple of quick questions. We would be most interested in finding out how the Partners in Housing program is intended to work and which groups have received funding this year under the initiative.

One final question about the Seaton development up in North Pickering. Our indications are that the NDP government does intend to proceed with the project. Perhaps the minister could let us know when the chair and the board for the Seaton development will be selected, how the appointments will be selected, what percentage of the Seaton lands will be dedicated to affordable housing and when the construction of any housing will be commenced.

I will provide these written comments. As long as they do not mind a lot of little pieces of paper, I will do a cut-and-paste and provide that to your staff today. I understand this has covered a wide range of issues and questions and we may not be able to cover it all in the seven hours allocated, so I would appreciate the minister's undertaking that, should we be unable to complete the estimates—

Interjection.

**Ms Poole:** That is right. We have not even gotten to the many government questions, which I am sure are very enlightening, to say nothing of the third party questions.

Could we have answers to these questions in writing, and once they have had a chance to peruse the questions in detail and see how difficult the answers will be, could they give us a time limit on when we may expect to see any written answers that do not get addressed in the estimates procedure?

**The Acting Chair (Mr Johnson):** Thank you, Ms Poole, for your litany of questions. When the minister answers these questions, they can be given to the clerk and distributed to all members of the committee. Mrs Marland, would you like to continue?

**Mrs Marland:** Thank you, Mr Chairman. First of all, I too would like to welcome Ms Gigantes as the new Minister of Housing, and Mr Burns as the new deputy. As the Vice-Chair of this committee and the recently appointed Progressive Conservative critic for Housing, I welcome this opportunity to examine and discuss the 1991-92 estimates of the Ministry of Housing.

Before discussing my party's concerns with the Housing estimates in particular and the government's management of the Housing portfolio in general, I would like to thank the Ministry of Housing officials who are present today to help us interpret the estimates and provide further information that we will request. You may have a copy of my comments if that is helpful to you.

I will begin by presenting my party's concerns with respect to the major housing problems of lack of affordability and shortage of supply. I will also outline our views on the roles of the private and public sectors in providing affordable housing. Later, I will discuss some of our concerns in the areas of non-profit housing, rental housing, home ownership, housing for disabled persons, residential intensification, student housing and the proposed Atariri housing project.

Most housing analysts will agree that the two major housing problems at work in the province are lack of affordability and a shortage of housing units. It has been effectively argued that these two problems relate to the supply-and-demand dynamics at work in the marketplace. On the supply side, the recession, high interest rates, a shortage of land, high servicing costs, and government policies such as rent control and lot levies, have strangled private sector construction. On the demand side, the need for more housing has escalated as the baby-boom generation has entered the housing market and immigration, both international and interprovincial, has increased.

With demand for housing exceeding supply, prices for both owned and rented housing have grown beyond the capabilities of an increasing number of households. The NDP government, like the Liberals before them, has responded to the lack of affordable housing by becoming almost the sole producer of rental housing in Ontario. As a result, the Housing ministry's budget is skyrocketing. According to the estimates, the ministry's budget will increase to \$898 million in 1991-92. This is an increase of \$231 million, or approximately 35%, from 1990-91. Taking a more historical perspective, the Housing budget has increased by 270% since 1985-86.

These increases do not even take into account that this government's promise of 10,000 additional units of non-profit and co-operative housing units will cost at least \$1 billion to build and \$150 million a year in operating subsidies, or \$1,250 monthly per unit. This is a 79% increase over the \$700 monthly operating subsidy per unit estimated by the Liberal government when it introduced the Homes Now program in 1988.

While the provincial government's housing expenditures escalate, the private sector is building very little affordable housing. Unfortunately, this government has taken no steps to stimulate badly needed construction of affordable housing by the private sector. The government could consider dismantling the rent control system which

acts as a strong disincentive to the construction of rental housing. The introduction of a shelter subsidy program would protect needy tenants during the phasing out of rent control. The number of families requiring shelter subsidies would decrease as market forces regained equilibrium, the vacancy rate increased, and rents decreased. Such a system would direct assistance to people in need rather than having the government subsidize, in effect, well-to-do tenants who occupy inexpensive, rent-controlled units.

1620

Instead, through Bills 4 and 121, the government has tightened rent control and increased disincentives to the private sector to construct rental housing. The government could also have introduced a program of assistance to first-time home buyers in order to free up affordable rental units, stimulate the construction of affordable owned housing, and put laid-off construction workers back to work. Instead, the government brought in a budget that offers nothing for the first-time home buyer.

Without the private sector building affordable housing, the province will have to build every new affordable unit and the Housing ministry's budget will become a black hole. This year the Ministry of Housing received, by percentage increase over the previous year, the largest budgetary increase of any ministry. As old social housing stock deteriorates, new non-profit units with huge subsidies come on stream and more non-profit housing is built, the Housing budget will consume even more taxpayers' dollars. My party supports an appropriate mix of private and public housing initiatives. By contrast, the present government has shown complete disregard for the role of the private sector.

For instance, the government's consultation paper, A Housing Framework for Ontario, does not address how the private sector should be involved in building affordable housing. The regional municipality of Peel, in which my constituency of Mississauga South is located, singled out this omission in its response to the housing framework paper. The region of Peel recommends that the framework paper add an additional objective: "A housing framework for Ontario should include the private sector....Government policies and support should also be directed to strengthen and further develop private housing (rental, affordable ownership, and other tenure alternatives) as part of Ontario's housing system."

This government's tunnel vision regarding the private sector is crippling our provincial economy, penalizing both tenants and landlords and preventing many Ontarians from realizing their dream of home ownership. My party also believes that public dollars are too scarce to be squandered on unproductive expenditures. Unfortunately, as I will discuss in more detail in a few minutes, we have uncovered some glaring examples of waste and inefficiency in provincial housing programs.

At this point, I will turn to my party's concerns in the area of non-profit housing. Some entries in the estimates show huge year-over-year budgetary increases because of the growth of non-profit housing programs. For example, I am concerned about the increase for grants in support of non-profit housing under item 2, "Housing Field Operations Activity—Operating Expenditures," on page 76.



These grants will increase by 73% in just one year, from \$255.5 million to \$440.7 million. Looking at this figure another way, these grants now make up 58% of the ministry's operating budget and 49% of its total budget.

The expenditure details on page 78 show that the biggest increase is for the provincial non-profit program, which includes Homes Now, Project 3000, Project 3600 and some new initiatives. The provincial non-profit program will increase 165% in one year, from \$54.5 million to \$144.5 million; 58% and 165% are huge year-over-year increases and require explanations from the minister and her officials.

Based on the number of units promised by the Liberal government, the cost-of-operating subsidies for units built under the Homes Now, Project 3000 and Project 3600 programs will reach over \$875 million by 1993-94. This figure was calculated before the NDP government's promise of 10,000 more units. Therefore, I would like to receive the most recent estimates of the operating subsidy costs for all non-profit housing programs. I would request yearly figures for each program showing the number of units that will have been built and the subsidy costs. In addition, I would like to know the number of units and the estimated yearly operating subsidies upon completion of all the units that have been promised to date.

My party has particular concerns about the Homes Now program because my colleague David Tilson, who preceded me as Progressive Conservative Housing critic, has done comprehensive research which reveals very questionable expenditures in the program. Documents which Mr Tilson obtained under the Freedom of Information and Protection of Privacy Act show that fees charged by lawyers, architects, mortgage brokers and consultants for the first 117 committed projects under Homes Now will consume more than \$26.3 million, based on the non-profit organization's own project cost estimates.

Of particular concern, \$10.6 million of this figure is for so-called "organizational expenses," in other words, high-priced consultants. It appears that the ministry is rubber-stamping applicants' organizational expense estimates rather than properly scrutinizing and controlling them. At this rate of \$26.3 million in fees for 6,140 units, about \$172 million will be spent on such charges if all the 30,000 Homes Now units promised by the Liberals, plus the 10,000 new units promised by the NDP government, are built. As Mr Tilson said when he released the information last May, "That's simply outrageous for a program which bills itself as non-profit."

Keep in mind that these figures are just for Homes Now. Similarly high fees may have been charged for housing projects built under other provincial non-profit programs. This is a matter which requires the immediate attention of ministry officials. Obviously there is a need to introduce proper cost controls on existing non-profit housing initiatives before proceeding with further expansions of these programs.

My party is also very concerned that \$3 billion in mortgage moneys for the Homes Now program has been borrowed from the Canada pension plan. In the budget lockup last April neither Treasury nor Housing ministry officials could tell us how and when this \$3 billion would be

repaid, so I am asking that question now. As elected representatives, we have a moral obligation to protect our residents' pension funds.

Turning to some of my concerns regarding rental housing, it is clear that this government's rent control and review system is aggravating our shortage of affordable and decent rental housing. Too often rental housing stock is not being maintained or repaired because landlords cannot recover the costs through rent increases. There is no incentive for the private sector to build badly needed rental housing. In addition, rent review is very cumbersome, especially for small landlords. I note that the costs of the rent review system have decreased for the first time this year, no doubt as a result of Bill 4 and its absolute ceiling on rent increases for 1991. Even so, this year's total cost for rent review, estimated at \$33.5 million, has increased 353% since 1984-85, when the system cost \$7.4 million.

What is more, Bill 121, which will replace Bill 4 at the end of the year, continues the rent review system. There will probably be a significant increase in the cost of rent review as people become familiar with the changes brought in by Bill 121. As well, this bill will change the bureaucracy within the ministry. There will be a new staff of inspectors and rent officers who will take over the work of the Residential Rental Standards Board, which will be dissolved. Will the number and cost of staff increase as a result of the changes introduced by Bill 121? Also, what are the ministry's projections for the annual costs of rent review once Bill 121 comes into effect?

According to the estimates on page 104, the number of inquiries regarding the rent registry has increased 80-fold from 1,000 in 1988-89 to a projection of 80,000 this year, up by 40,000 inquiries or 100% from last year. I would like to ask ministry officials how they are coping with these inquiries, since I note there is virtually no increase in the salary and wages component under item 3, "Rent Review Operations Activity Expenditures," on page 107. This would suggest no increase in staffing to handle the requests. Is this inference correct? Will more staff be required once Bill 121 comes into effect and expands the registry to include all residential complexes that contain rental units, regardless of size?

1630

I would also like to know how many staff presently administer the rent review system, with a breakdown of the numbers in rent review services, the rent registry, the rental housing protection program, the Rent Review Hearings Board and the Residential Rental Standards Board.

Another issue of concern with respect to rental housing is the possibility of phasing out rent control and introducing a shelter subsidy system to assist core-need tenants who cannot afford market rents. Two weeks ago when I raised this matter in the House the minister quoted from a joint report by the Co-operative Housing Association of Ontario and the Ontario Non-Profit Housing Association about the cost of establishing such a system. As the new critic I have not yet had a chance to study that report, but I would be happy to receive it and all other information in the ministry's possession regarding the cost of shelter subsidy systems and the kinds of systems which are possible. As I requested

in the House, our party would also like the government to undertake its own cost-benefit analysis of shelter subsidy systems. I hope, Madam Minister, you will forward that material to me.

In the House the minister stated it would cost \$1.2 billion a year to run a shelter subsidy program and said she thought it would be too expensive. She should put that \$1.2-billion-a-year figure in perspective by considering that the ministry will spend at least \$4 billion to build 40,000 units under Homes Now. She should also consider that her government's most recent figures estimate the monthly cost of subsidizing non-profit units to be \$1,250 a unit. As I said earlier, non-profit operating subsidies will cost the government about \$875 million a year by 1993-94, not including the cost for the additional 10,000 units promised by her government. When those 10,000 units have been built the annual cost of operating subsidies will be well above \$1 billion.

Given these figures, Madam Minister, I do not see how you can shrug off the need to consider other alternatives such as a shelter subsidy program. Government cannot afford to build every new affordable unit. We must involve the private sector in constructing affordable housing. When this government discusses affordable housing it always seems to limit its discussion to non-profit, co-operative and rental housing. However, my party is also concerned about the affordability of home ownership. As I said earlier, I am disappointed that the government would not consider an anti-recession measure such as Quebec's program *My Taxes, My Roof*, which gives first-time buyers either a \$5,000 rebate on a new home priced under \$130,000 or an 8.5% mortgage. Since the program was introduced last fall, housing starts have climbed 46% in Quebec.

As the president of the Greater Toronto Home Builders Association wrote in a recent newsletter: "Ontario could learn much from the Quebec experience. With the existence of a substantial pent-up demand among entry-level buyers, it wouldn't take much to stimulate the market and provide a much-needed boost to our decimated construction labour force."

In the meantime, the Ontario home ownership savings plan is not working. Those who can afford to pay into it are limited to very small contributions, while those whose incomes do not permit them to contribute much to such a plan can make the largest contributions. It is time the government studied alternatives to help people achieve their dream of home ownership.

Looking at another program, as the Progressive Conservative advocate for disabled persons I strongly support the Ontario home renewal program for disabled persons, which provides loans of up to \$15,000 to home owners to make modifications that increase accessibility for disabled occupants. I was very disappointed that this popular program was due to be phased out by the Liberals. It has had a temporary injection of \$4.5 million this year as one of the government's anti-recession measures, but the estimates indicate on page 160 that "this is an anti-recession program capital project funded during fiscal year 1991-92 only." I would like to know, Madam Minister, why the government does not plan to continue this very much needed program.

At this point I will turn to residential intensification, one of the major policy objectives of the policy statement on land use planning for housing which was issued by the previous Liberal government in July 1989. The present government asked municipalities in priority areas to have adopted official plan and zoning bylaw provisions to implement the housing policy statement by August 1991. However, for good reasons, which I will outline, few municipalities have been able to comply with the request as it applies to residential intensification.

A problem which both the region of Peel and the city of Mississauga have identified is that under the Assessment Act a dwelling with an accessory unit may generate the same tax assessment as a dwelling with a finished and unrented basement. Unless the unit increases the market value of the property by more than \$5,000—which is not the case with many of these properties—the assessed value of the building does not increase. In fact, property taxpayers would subsidize municipal and educational services for residents of many accessory apartments. The Assessment Act must be amended to allow municipalities and school boards to receive additional tax revenue for these units.

Another problem is the need for right-of-entry legislation to control problems which may arise from intensification such as illegal conversions, unsafe conditions, poor maintenance by absentee landlords, and noise. I realize that Bill 112, when passed, would revise the Building Code Act to give emergency remedial powers to the chief building official in respect to buildings that pose an immediate danger to health or safety of any person. I also know that Bill 121 would give power of entry to inspectors to determine whether a landlord has complied with a prescribed maintenance standard. However, the right-of-entry issue remains a concern of Mississauga and the region of Peel because of problems they have experienced with rooming house conversions. Can the minister tell us what steps she will take to ensure that accessory apartments are subject to assessment and that appropriate right-of-entry powers be enacted?

I would also like the minister to indicate whether she supports the previous government's policy statement on land use planning for housing. If not, could she explain where her views differ and tell us when she will issue a new policy statement? As well, I would appreciate knowing the amount of money that will be spent this year on intensification projects, both by project and in total.

No one can disagree that intensification is less expensive than building affordable housing megaprojects which require the construction of infrastructure such as roads, sewers, public transit, schools and recreational facilities. However, there have been some major problems introducing intensification. My constituency is home to the former government's first housing intensification project. This project is very controversial because it consists of 41 units on two and a quarter acres of land in an area where many residents purchased their homes based on the neighbourhood's low density of housing. When the government changes the rules after the fact, as it did in this case, it can expect residents in the vicinity of the project to object.

Another form of intensification, the conversion of single-family homes into rooming houses, has caused serious



problems in some neighbourhoods in my constituency. These conversions have created housing of poor quality for tenants which has an adverse impact on neighbourhoods.

The government has received a consultants' study entitled *The Control of Rooming, Boarding and Lodging Houses*—commonly referred to as the Pandy, Koltun study—which examines the problems that have arisen in university towns where many rooming house conversions have occurred. However, it is not clear what the government intends to do with this information or whether it will develop legislative tools to address the many areas of concern.

1640

On the subject of off-campus student housing in university towns, last week my colleague Elizabeth Witmer, MPP, stated in the House that the mayors of five Ontario cities—Guelph, Kingston, London, Waterloo and Windsor—wrote to the Minister of Colleges and Universities on August 14, 1991 about problems which arise from the demand for off campus student housing. As Mrs Witmer said: "The increasing need for students to find housing off-campus has resulted in a significant decrease in the availability of moderately priced housing for families in these communities. The fact that many students can afford to pay inflated prices for substandard accommodation has forced many low-income families to lower their expectations for the kind of housing their limited incomes can afford.... I strongly urge the minister to make the time to meet with these mayors at the earliest possible opportunity and to work not only with them but with the Minister of Housing to find solutions to this extremely difficult problem."

To my knowledge, the requested meeting has not occurred. I would ask the Minister of Housing if she and her colleague the Minister of Colleges and Universities plan to meet with these mayors to discuss the possible solutions to the serious problems which result from a shortage of student housing. Could the minister also tell us what action her government will take to solve the problems which result from rooming house conversions?

I expect that once issues such as property assessment and right of entry have been resolved, few home owners would object to intensification in the form of an accessory apartment in an owner-occupied home, since these homes usually are well maintained and would have a reasonable number of people occupying them. In addition to accessory apartments, we must consider intensification options such as main street programs, infill housing and the conversion of non-residential to residential uses. These steps can help us control the urban sprawl which has marked much of the greater Toronto area's development.

However, in selecting former industrial sites to redevelop for housing, great caution must be exercised with respect to site suitability. As my leader, Mike Harris, and I pointed out last week in the Legislature, the proposed Ataratiri housing project on the east side of downtown Toronto is turning out to be a white elephant, largely because of unforeseen costs for environmental restoration of the land. There are 500,000 cubic metres of contaminated soil on the Ataratiri site which will have to be cleaned up. The site will also have to be protected from flooding of the Don

River and noise from the adjacent Gardiner Expressway. It hardly seems to be a good site for housing.

The land acquisition costs of \$237 million work out to \$3 million an acre, a ludicrous amount for severely polluted land. Gross underestimation of the cleanup costs have seen Ataratiri's budget balloon from the original estimate of \$444 million to as much as \$2 billion, according to the Urban Development Institute. In other words, the 7,000 housing units could cost as much as \$250,000 a unit to build. At that cost, nobody can call Ataratiri affordable housing. Already the interest on the \$237 million spent to purchase the Ataratiri land is \$60,000 a day, or \$22 million a year. Moreover, it is rumoured that by the time Ataratiri is built the loss to provincial taxpayers will be almost \$1 billion.

Toronto city council has stated that unless the provincial government will guarantee cost overruns above the \$800 million in loans the province has already guaranteed, the city will withdraw from the Ataratiri deal. Therefore, the fate of Ataratiri rests in the hands of the provincial government.

Given the cost escalations of Ataratiri, we are urgently awaiting the government's decision on whether to continue with the project or cut the losses. With interest charges accumulating at the rate of \$60,000 a day, the taxpayers of Ontario cannot be kept waiting. I ask this minister again, as Mr Harris and I did last week, not to throw good money after bad. It is irresponsible to make taxpayers finance this project if the costs will outweigh the benefits.

I have presented some of the Progressive Conservative Party's major concerns regarding the government's management of the housing portfolio, including issues which arise from the 1991-92 estimates for the Ministry of Housing. I look forward to discussing our concerns with the minister and her officials.

In the remaining time this committee has allotted for the Housing estimates, I will ask ministry officials about other issues arising from the estimates which I have not yet had an opportunity to raise.

**The Chair:** Thank you, Mrs Marland. I appreciate that you are exactly on time. I now recognize the minister if she would like to respond at this point. She may choose to do that a little later if she wishes or she can proceed now. I am in your hands, Minister.

**Hon Ms Gigantes:** If members will indulge me, I would be pleased just to make some opening comments. Much of the questioning that has been raised by the official critics for the opposition parties probably should be responded to in detail by ministry staff, because I do not want to make mistakes out of my ignorance, to put it baldly. I am not familiar in every detail with programs and many projects, so I would prefer to make sure the critics get accurate information. I can make a few comments of a general nature along policy lines.

The critic for the Liberals has spent some effort to make clear that she feels we have not made adequate information available to her. Specifically with regard to the questions she has raised before with the ministry, I will undertake to try to find out what information might still be lacking. Certainly, in personal terms, I can indicate that the reason there have not been many statements from me as

minister in the Legislature in the last three weeks we have been back is that I do not have an awful lot to say.

If the information about any kinds of ministry announcements, such as the federal-provincial program, is in fact being delayed so that it does not reach your office for two weeks, I will undertake to find a quicker way to get it to your office. The intent is there.

Further, when it comes, for example, to the question of information that you have been looking for around consultation on regulations attached to Bill 121, on the subjects of amortization and the guideline, I signed a letter to the Chair of the standing committee on general government some time ago, as I have signed letters to various of the interest groups we are undertaking consultation with. Why he would not have provided you with a copy of those consultation documents, I do not know, but I will certainly check into that.

I hope you will take as given the intent to provide information. I am a firm believer in having a well-educated Legislature. In many cases I expect that for some time to come the opposition critics will know a good deal more about many of the items we deal with in the Ministry of Housing than I do at the moment. I am quite anxious to share any information that is going to be helpful to you and I will look forward to the same from you.

We can give you further details on the allocations within the budget of the Ministry of Housing. I do not have them right here, though. People in our group from the ministry can provide those and we can get into detail as we move through these estimates.

With regard to more detailed information about Homes Now and P-10,000, I will wait to get help from ministry staff, if you will bear with me.

1650

On the housing policy statement, it is easy for me to respond. In fact, the question related to the deadline for a response by municipalities, many of which had been funded by the Ministry of Housing to undertake to provide changes to official plans so that they could meet the objectives of the land use for housing statement. That deadline has not been met, as you indicate. We are in a situation where we are negotiating on a one-on-one basis with the larger municipalities, which are further ahead in the process. I think the setting of deadlines in a process like this one is a great encouragement for forward motion. It is the kind of thing you leave to another day if you do not have a deadline attached to it, as many other kinds of things get left. We are certainly keeping the pressure on the municipalities to get them to bring forward their proposals for change.

We had not thought of sentencing anybody to jail for non-compliance. The project to get serious action from municipalities that meets the objectives of the land use for housing statement is one I take very seriously. At this stage, our position in the ministry is that we will be keeping the pressure on and the communication with municipalities going, because we want the job done.

On the question of Bill 121 specifically—though some of the questions of the Liberal critic related to items that flow through still and will continue to flow through from Bill 51—we are in the stage of final consideration of

amendments, so the sooner you make your proposals in this forum, the better. We fully intend to move forward along the time lines that the former minister had indicated and, with good luck and your assistance, to have the bill passed by the Christmas break and to have it proclaimed in early spring of the new year.

Again, I will leave some of the specific questions that had to do with a backlog and so on until I can make sure we are providing you with as precise figures as we can. I will also call upon ministry staff help to go into details of various of the projects you are interested in.

Just to begin the discussion I am sure we will have about the housing framework policy paper, the point has been made to me by several groups—some of which I have met, some of which have written; there have been various media comments and so on—that the framework is not incorporating private housing objectives and private housing planning processes and so on. That is accurate. It defines what it is doing at the beginning of the document. It says it is going to focus on those things the government most intimately affects in policy terms.

I suggest to you that if we had written out some kinds of notions about how private developers should go about their business, or about how the building construction members in Ontario should proceed with doing housing, there would have been a hue and cry that we were interfering in the private market. I think you will have to accept my word, though I was not minister at the time, that my reading of the document suggests to me that we were attempting to generate public discussion around government policy goals in the housing field. The document may not be perfect, but there certainly has been no intention to slight or ignore the role of private actors in Ontario housing policy.

If I could just make a few comments about questions raised by the Conservative Housing critic, many of the comments in the early part of her contribution to the kickoff of debate here figured around rent control and identification of what she sees as the causal elements in the lack of affordable housing we face. I suggest that rent control is not a subsidy program. Rent control does not subsidize any tenants, whatever their level of income. Rent control is designed to ensure, on an annual basis, that the rent increases tenants face are within reason. Certainly under previous legislation a great number of tenants have had to face rent increases which, I believe, all of us would say were not reasonable. The bill we have put forward is an attempt to ensure, in as simple an administrative form as we can, that there is a reasonable rate of increase of the level of rents for tenants in Ontario.

She identifies the elements that contribute to the affordability in housing and lists several, including interest rates. These are all true: They do contribute to the high cost of housing and the lack of affordability. I suggest to her that affordable land is really the biggest problem when we look at why new housing costs are so high, whether they are rental, condominium, single-family home or duplexes. We have a real dearth of affordable land in major urban centres. That problem is not going to go away. I suggest to her also that as that problem becomes more and more acute, she and I and all Ontarians will come to recognize



more and more acutely how valuable those holdings of land, a pooled resource of the public of Ontario and the communities of Ontario, are going to be. If we did not have, for example, the 84,000 units of Ontario Housing Corp housing available for use by residents of Ontario now, the affordability problem we face would be that much greater.

The investment we make—and I as minister am certainly willing to very carefully scrutinize exactly what kinds of programs we are into, exactly what kinds of projects we undertake to make sure we are getting value for money—is not an investment that disappears between the period January 1 and December 31 in a given year. It does not disappear as a public, pooled resource. It creates housing which continues in the affordable market. It continues at some cost. That is correct. Those costs should be scrutinized. That is correct. But in the end, that is land which will be retained for public use, for affordable housing. That is the difference, in my view, in a reflective way, in what we do when we create non-profit housing and co-op housing. That is the difference between encouraging the development of a resource which is a publicly held, pooled resource available to us and simply paying out a rent subsidy every year.

If I could leave that thought with you, I am sure we will have plenty of time to discuss it as we go on. I recall well that back in 1975, when I was first elected to this Legislature, we began looking at what was then called rent review. The Conservative government of the day introduced a program to encourage first-time home buyers, many of whom were condominium buyers. It was a subsidy program of \$1,000, as I recollect, in 1975. What it did was encourage home ownership in a period which turned out to be quite an inflationary period.

1700

I remember well going around the riding of Carleton East, which I represented for a period in the late 1970s and early 1980s, and seeing the number of doors which had been padlocked. These new home buyers had bought at the beginning of a heavy upswing in the market. With the \$1,000, they undertook mortgage payments that they just could not keep on with. Many, many of them in the economic situation of the day had to default. It was a pathetic and quite shaking instruction to me that getting people into mortgages may not be the best thing for them, even though it looked like a good kind of program at the time.

If we are looking at what we should be doing in a public sense, I think one of the most important things we need to be thinking about is trying to maintain some kind of steadiness, some kind of stability in the market. The swings up and the swings down in the housing market hurt people. They hurt the investors. They hurt the developers. They hurt everybody. It is to our benefit, I think, to make investments in housing at a time when other people are not investing in housing, and not try and get involved in the market at any depth when other people are very active in the market.

I think that part of what we need to be trying to do is to achieve stability in the market. That is why I am particularly interested in seeing us actively engaged in building housing in this period when others are not. Fully a third of

the construction in the residential market these days is construction which would not be going on unless we were actively engaged in the building up of co-op and non-profit housing. It contributes to jobs now and it uses the resources of land when they are cheapest and it uses construction costs when they are at their lowest. I think this is the best time for government to be involved.

I was interested in the comments of the Conservative critic on the subject of intensification, and I look forward to further discussion of that because I am very keen on the subject myself. I was also interested in her comments that nobody can call Ataratiri affordable housing. To my knowledge, nobody has. There is no housing there. It has been quite a disappointment for everybody who had been looking forward to it, I am sure. I would like to remind her nobody can call North Pickering affordable housing either. The land costs for that land assembly were written off many years ago when the North Pickering airport project, which a previous Conservative government decided was going to go ahead, fell apart.

When we end up with projects that run into trouble—and I am sure it will happen with our government too—then I think we have to look at the situation in a positive sense. It certainly, now, with hindsight, looks like it was unwise to assemble land at North Pickering, unless of course we are going to do something with it now that will help create affordable housing and good community planning and all kinds of wonderful things which we may be able to do. But it has certainly been a long-time investment to see that.

With Ataratiri, I also believe that we have to look constructively on the situation, make the best of a bad situation—nobody is trying to pretend it is a great situation—and look at all the options. I am quite willing to have an extended discussion about what proposals may come from the opposition critics because I am interested in hearing all the options. Certainly we think we are canvassing them all now and we are working hard to make sure we are doing that and going through all the variables that are involved. We will be looking to make proposals in the days to come. I thank you very much, Mr Chair, and I thank the opposition critics.

**The Chair:** Thank you, Minister. I am in the hands of the committee, as I said earlier, as to how you wish to proceed with the remaining hours to complete our estimates. If you wish to go in time-allocated rotation or—we have six identified votes that we have to proceed through—we could follow the book. We will entertain a brief discussion on how you would like to proceed.

**Mrs Marland:** I wonder, just before we do that, if the minister could have all the people in the room who are her staff indicate by raising their hands.

**The Chair:** I believe most people in the room are ministry staff, as had been indicated earlier to me by the minister. I would like to proceed with the question I asked.

**Mrs Marland:** Mr Chairman, I have a right to ask that question.

**Hon Ms Gigantes:** I think they would be quite happy to introduce themselves.

**Mrs Marland:** They do not have to introduce themselves by name. I am just curious to know how many ministry staff are here.

**The Chair:** Staff, could we put up our hands? It is just like school here. That is great. The room is down the hall to the right and to the left for ladies.

**Mrs Marland:** Thank you, Mr Chairman. My suggestion as to how we proceed is, as we have proceeded with other estimates and it seems to work very effectively, that we rotate on a time basis, and I am quite happy with 20-minute or 15-minute portions per party.

**Ms Poole:** I concur with the Conservative critic. Rotation seems to be the fairest way of making sure every member has an opportunity. Perhaps 20-minute segments. The one suggestion I would have is that we stack the votes for the end so that if we do get interested in a particular topic, all members would be free to pursue it rather than to have to stick to the book.

**Mr Johnson:** I am agreeable to stacking the vote and to 15- or 20-minute time periods, but I would just like to ask how many of those in attendance here are not ministry staff? And I ask that because it would have appeared that everyone was ministry staff and I do not know if that is exactly true; it was hard to tell.

**The Chair:** At this point there is nothing on Hansard to imply that we are even talking to anybody else in the room. I would like to proceed.

**Mrs Marland:** Mr Johnson has a right to ask that question.

**The Chair:** And he did.

**Mr Daigeler:** Just to be on the record, I support the Chair. I do not think it is in the public interest to know exactly who attends here. This is an open meeting and whoever wants to come has the right to do so. I think we should get on with business.

**Mrs Marland:** It is interesting to see how expensive it is with all the staff here.

**The Chair:** I would like the Vice-Chair of the committee to please come to order. I would then like to proceed. We will lead off, if I may use that phrase, with Ms Poole for the first 15-minute segment.

**Ms Poole:** I would like to thank the minister for her comments. I guess the question I had is: Why would anybody in their right mind, other than ministry staff, attend a meeting of the Housing estimates?

**The Chair:** I found your comments interesting.

1710

**Ms Poole:** Why would anybody, unless they were forced to, come to this?

**Mr Daigeler:** Could I put in a word for the committee?

**Ms Poole:** I was basically criticizing myself since I took up a significant amount of the time here today.

Madam Minister, I appreciate your comments clarifying and in response to some of my opening comments. I should say that the reason I was disappointed that you were not bringing forward matters to the House that I felt should be was because your predecessor made a point of

not doing so. Granted, you have only been there three weeks, but yesterday was your first opportunity to make what I consider to be a fairly significant announcement, and that is the allocation of 3,300 units to, I believe, some 28 communities across the province under the program announced in the budget. I would like to, perhaps for a few minutes, pursue that particular topic since we have not had an opportunity to dialogue on it.

Of the 3,300 units that were allocated, does the ministry have a deadline, a timetable for when those allocations have to be turned into commitments or else the allocations are lost?

**Hon Ms Gigantes:** I am going to get some help here. My understanding is we are talking about year's end. Tim Casey from our operations branch.

**The Chair:** Welcome, Mr Casey.

**Hon Ms Gigantes:** Murray Wilson, colleague.

**Mr Casey:** Murray Wilson is the executive director for field operations, principally responsible for looking after the administration of the non-profit program. I believe the question was about the 3,300 units; is there a deadline?

**Ms Poole:** Yes, I wondered what the deadline was for these allocations to be able to provide the ministry with the documentation necessary to show they are ready for the commitment stage.

**Mr Casey:** There is no actual deadline. Each project is handled on its own basis depending on how complicated it is for someone to turn in the completed application, but most of these come in in a relatively short period of time compared to the total project development time frame. We are usually averaging somewhere in the neighbourhood of 24 to 36 months to bring a project to completion. Some go longer than that. Some go shorter than that. There really is not a deadline as we have in the federal-provincial program. That was one of the major complaints the non-profit co-operative sectors had at the time, the fact that they always had to work on a December 31 deadline. If they did not make the deadline then they essentially lost it after that.

In Homes Now and the other provincial programs we have eliminated all those deadlines, so consequently we work the projects through the system and give them time to produce. Some take a little bit longer, some take a shorter time frame.

**Hon Ms Gigantes:** Did your question relate to when they would get a final commitment on whether they went ahead?

**Ms Poole:** That is right.

**Hon Ms Gigantes:** That is how I understood it.

**Ms Poole:** I would assume that you would not take 36 months to get these projects to the commitment stage. I would assume that if you had some projects that were just simply not up to speed and could not produce what the ministry initially thought they could produce, you would also have a cutoff so you could give that allocation to another non-profit group. That is what I was wondering. There must be some sort of monitoring. There must be some method to determine whether these projects are proceeding as expeditiously as possible.



**Mr Casey:** There is, and that is what I was indicating. I did not say 36 months to commitment. I believe it was 36 months to completion.

**Ms Poole:** That is right, to build.

**Mr Casey:** Consequently, taking it to commitment stage is part of that activity. Those projects are monitored all along the way by staff. We have co-ordinators who look after a set number of projects. They watch those projects as they go through the system. They help the various social housing providers with those projects. If it looks like one is not proceeding or it does not have a good chance to proceed, we do not hold that allocation. In other words, it does not take up a place that someone else could occupy. The object is to produce the housing as quickly as possible.

**Hon Ms Gigantes:** Would it be fair to say that of the 3,300 that we have announced now, we would expect to be able to make a decision about most of them by year's end?

**Ms Poole:** That being March 31, just for clarification, or December 31?

**Hon Ms Gigantes:** I was thinking about the annual—

**Mr M. Wilson:** December 31?

**Hon Ms Gigantes:** Am I pushing you?

**Mr M. Wilson:** December 31?

**Hon Ms Gigantes:** That was my understanding. Is that a reasonable time frame for making a commitment or not?

**The Chair:** What are you officially telling the applicants in terms of time frame?

**Mr M. Wilson:** That they have an allocation and that they should work with us to establish a timetable that would bring the project to a commitment stage. As the minister said, certainly our expectation would be that a lot of them would make the commitment stage by December 31. But Minister, honestly, the number of those that would at this stage, I am not prepared to—

**Hon Ms Gigantes:** Oh, that is fine. We are not trying to nail you to the wall here, just to get a rough idea.

**Ms Poole:** Your target is December 31. Whether it is realized or not is something that—

**Mr M. Wilson:** In terms of what Mr Casey said, I would simply add that I think in each and every case what we attempt to do is work with the non-profit group to establish realistic development schedules. I know the member has had projects in her own area and is certainly aware of projects that have been delayed for whatever reasons. To the best of our ability we work with the groups to establish realistic time frames and then try to achieve those time frames. In each and every case those differ, depending on the individual circumstances related to the municipality, related to the site itself, the stage that it is developed to, whether it is zoned, whether it is serviced, etc.

**Ms Poole:** I guess that brings me to my next question, which is the matter of delay in building the non-profit, and sometimes this adds substantially to the costs. Some of these, and probably a predominant number of the problems, are encountered at the municipal level, with zoning, with red tape, with trying to get through the various development levels.

I wonder if you could tell me what types of initiatives the ministry has undertaken to try to get some of these projects up in a very expeditious time frame.

**Mr M. Wilson:** There are a whole host of things that have been undertaken, and I mean since 1987. There was the issue of partnerships and coalitions where we tried to work with different community-based groups in dealing with municipal officials and residents of municipalities to explain what it was they were proposing to put in that particular community and how it would be managed.

Quite frankly, my own assessment is that it has been successful in a large number of cases and has worked to allay some of the municipal fears about non-profit housing and what would be put in place as a result of that. I think that has overcome some of that.

In addition, the ministry has worked very diligently, through a number of people, in terms of advocacy and actually advocating on the part of people who are proposing, as an affordable housing initiative within a community, using non-profit or co-operative housing. There are people from the Ministry of Housing who in fact have made representation before the Ontario Municipal Board on numerous hearings identifying what the Ministry of Housing objectives are and what they hope to achieve through the approval of that process.

I would like to comment on one of your comments. I suppose in some peculiar way over the last couple of years actually the delayed commitment of projects, and by that I mean actually having final contract prices in place, has really worked to our advantage in the sense that the market has softened quite a lot and we have not been going into a burning hot marketplace that has seen prices escalating very significantly. We have been able to go into a marketplace that is much more stable and where it is, quite frankly, much more competitive.

**Ms Poole:** That leads in beautifully to my next question, which I would actually like the minister to answer, because I think it is more a matter of her personal beliefs and philosophy. Your predecessor, Mr Cooke, said last fall, almost a year ago, that in a recession it was actually an ideal time to build non-profit housing because you basically could get more bang for the buck.

We certainly know of a number of condominium developments which have not proceeded and the developers are desperate to get it transferred over to non-profit housing at a tremendous bargain-basement rate in order just to get it off their hands and to get the development done. Does the minister believe that now is the time that we should be building the non-profit housing?

**Hon Ms Gigantes:** Yes. I indicated that earlier.

**Ms Poole:** So you are confirming Mr Cooke's philosophy. Of these 3,300 that are allocated, that by my very rough-and-ready math would leave 6,700 remaining to be allocated in the budgetary announcement of this spring. Can the minister tell us when she would anticipate those would be allocated?

1720

**Hon Ms Gigantes:** I will need some help there too.

**The Chair:** Any takers out there?

**Ms Poole:** This is what is called a pregnant pause?

**Hon Ms Gigantes:** Passing the torch.

**Mr M. Wilson:** The last part of the question is all I would like to hear again, so I could be very precise.

**Ms Poole:** Of the 10,000 units that were mentioned in this spring's budget, the minister so far, as of yesterday, has announced the allocation of 3,300. We are now—again, if my math serves me correctly—less than six months away from the fiscal year-end, and I am wondering when we might expect the balance of those 10,000 units to be allocated.

**Mr M. Wilson:** Certainly there will be recommendations for the minister to consider over the next couple of months and, quite frankly, there is a sorting and sifting out of a number of different programs that we have, one being brought to a conclusion that the minister will be considering, together with any decisions that she may want to make with respect to making additional allocations under Project 10,000. The short answer is we will have recommendations for the minister to consider certainly within a three-to-six-month time frame, that is for sure.

**Mr Daigeler:** What is the minister telling her staff?

**Hon Ms Gigantes:** I beg your pardon?

**The Chair:** Would one of you like to put that question on the record?

**Ms Poole:** My colleague, I think, has asked an additional follow-up question.

**Mr Daigeler:** Yes, I would be interested to know what the minister is telling her staff, because I think essentially this is a political decision. Are you pushing to have this completed as quickly as possible? What are you telling your staff that they should have this ready for?

**Hon Ms Gigantes:** I think there is a reasonable flow of work that the ministry can cope with. The flow has been very heavy over the last couple of years and in particular in the last year. What my practice has been—and I have not had much practice—is to take their judgement about the appropriate flow, given the goals that we have and that we continue to get to and deal with their recommendations as they come forward. That is what I have been doing and I feel happy proceeding that way.

**Ms Poole:** Do you anticipate the 10,000 will be allocated by March 31, 1992?

**Hon Ms Gigantes:** That is our current plan. As Mr Wilson was indicating, we have also been dealing with the completion of the Homes Now program, so there is some overlap that has been going on and the pace of work at the ministry has been extremely high.

**Ms Poole:** Tell me, Mr Chair, when I have run out of time. Homes Now is my next question, which is, I think, in response to one of your own members' questions. Following the deadline of Homes Now extension, September 30, you responded, I believe, if my memory serves me correctly, that 25,000 had been committed under Homes Now.

**Hon Ms Gigantes:** Right.

**Ms Poole:** What about the target of the remaining 5,000?

**Hon Ms Gigantes:** We will deal with the applications that have come in through Homes Now on a project-by-project basis, and, again, we hope to have that complete by the end of the year. In fact, I think that is what I was referring to when you asked the earlier question and I mixed my programs, which is something I am still likely to do. Forgive me.

**Ms Poole:** There are enough of them to do that.

Just following along that line, recognizing that the Ministry of Housing has been very busy, are you extending the deadline just on a case-by-case basis, or do you have a cutoff point at which time you will say, "Homes Now is finished"?

**Hon Ms Gigantes:** We always suggest a cutoff point because it makes people move. That is what I am learning.

**Ms Poole:** Do you have one?

**Hon Ms Gigantes:** Yes, I think we have given some general indication.

**Mr Casey:** December 31 is what we are shooting for, but in effect we are trying to be able to finish out Homes Now. Consequently, for those 5,000 units, we are taking it on a case-by-case basis. If it looks like a particular project is going to take a long time to come to commitment stage, we have other programs that we can consider that project under and we can put other projects that are ready to move ahead under Homes Now so we do not have a multitude of programs dragging on for years. That way we can finish off Homes Now within the funding envelope provided and we can move on to the next set of programs.

**Ms Poole:** And December 31 is also the—

**Hon Ms Gigantes:** No, that is where I have been confused. That is where I was creating problems—

**Ms Poole:** I thought that was just with the 3,300 allocations.

**Mr M. Wilson:** Not being one to want to correct the minister at estimates or any other time—

**Hon Ms Gigantes:** You see, they have not learned that I like to be corrected.

**Mr M. Wilson:** In terms of the commitment, what I think I said earlier is that there will be every attempt made to bring whatever projects we can to a commitment by December 31, but the objective of that exercise is certainly, in my view—if we could bring all 3,300 that would be wonderful, but I know that is not possible. I know as I am sitting here right now that will not be possible. It, quite frankly, will depend very much on what I said to you earlier and that is the development schedule that we develop with the group.

**Ms Poole:** Just one final clarification. Is it 8,300 allocations that you are trying to bring to the commitment stage by December 31, the tail end of the Homes Now plus the new allocations?

**Mr M. Wilson:** Trying, you say?

**Ms Poole:** Making it to the commitment stage.

**Mr M. Wilson:** The objective would be to try as best we possibly can, but there certainly is absolutely no way I can foresee that we would have 8,300 units brought to a commitment by December 31. The 5,000 in Homes Now,



which is, I think, part of that number that you are using, we would attempt to bring that to a commitment by December 31. Certainly of the remaining 3,300 under Project 10,000 we will bring as many of those as we can, but that is really subject to a whole lot of variables right now that we do not control for sure.

The other part is that there is another program called the federal-provincial program. It is jointly cost-shared, and it has to be brought to a conclusion by December 31 or, like Cinderella's coach, it turns into a pumpkin.

**The Chair:** That should please the Minister of Agriculture and Food.

**Mrs Marland:** I just want to say at the outset, I do not know whether the minister is trying to be humorous, but I was a little insulted when I said that at the cost of the Ataratiri project, as the costs are evolving, nobody could call it affordable housing, and you said, as far as you knew, there were no houses there.

I thought that was kind of a snide comment for someone in your position to make, Madam Minister and I take exception to it because it is insulting to me. It is sort of suggesting that my comment was suggesting that there is housing there, and you know quite well from my questions and my lead-up to it that I am talking about the projections of that cost. I think when you have time to review my speech, you will see that perhaps you might even want to apologize for that comment.

**Hon Ms Gigantes:** If I have given offence, I certainly extend my apology. I thought we could both joke at the fact that it is not affordable housing.

**Mrs Marland:** All right. I accept that apology. Thank you. Let's continue then from that point, if you think we can joke about the fact that it is not affordable housing. I do not see it as a joke. I see it as having very serious implications for the taxpayers in this province. I am very concerned that, first of all, we are looking at a site that frankly even when the Liberal government bought it—and I recognize that you are in an absolutely beautiful position to walk away from Ataratiri because it is not your baby. It was the Liberal government's baby and I remember when it first started talking about it. Was it not called St Lawrence Square or something originally? The staff people are nodding in agreement, for the sake of Hansard.

1730

When it was introduced under the original name by the Liberal government, I was the Environment critic for our party and I rose in the House a number of times to ask a question about the pollution that existed on that land. To tell you the truth, it was a long time after that before I realized that Ataratiri was now the new name for what had been St Lawrence Square. Is that correct, St Lawrence Square?

**Mr Casey:** That is correct.

**Mrs Marland:** Thank you. I think if we are looking at planning for housing and where people are going to live, we better start looking, first of all, where there are not these inordinate costs because of the condition of the land. If we are talking about affordable housing, which this is not now anyway, but even if the cost had not escalated, are you really saying as a government that it is okay to put

people where the land has been so badly contaminated, because of the history of—in fact, we do not even know fully the total history of that property and just how bad it is going to be when they start to clean it up for residential use.

I think maybe our Ministry of Housing staff would do well to take a ride on any of the trains that go through our greater Toronto area—they can do it quite comfortably on a GO train—and see other areas that may be available for purchase, old areas that are ready for redevelopment. Albeit they have not been residentially zoned either, but they may not be as heavily contaminated as this particular site.

Frankly, I do not think it is a joke when we are paying \$60,000 a day while we are humming and hawing about whether to go ahead with this project. I think since your party has been the government for a year and has inherited this mess, you are in a perfect position to say: "Stop. We are not going to put people in this kind of an area." For the same investment, we can do far more in terms of providing units if this is your goal. We can provide more accommodation elsewhere, where there is not such a risk.

First of all, as I understand it, we do not have a final cost of how much contaminated soil there is on that site. I really want to ask the minister how she can defend what the estimates are now for that project. The former government entered into this contract with Toronto. By the way, I would like to point out to Hansard and anybody else that on page 24, I do have a typo, where I said, starting on page 23, "Toronto city council has stated that unless the provincial government will guarantee cost overruns above the \$800 million...." It says in my printout, "about the \$800 million...."

The fact is, that agreement between the provincial government and Toronto existed. Now, because of the cost of the project, I understand Toronto is getting cold feet and saying, "If it runs over \$800 million, you have to guarantee the difference." If we are looking at these kinds of costs in real terms—and at the moment, I recognize everything is an estimate—why do you not bite the bullet? Certainly when we were the government, we made mistakes. Things like Suncor Inc will haunt any Progressive Conservative in this province to the grave. There are mistakes made, but in the best interests of protecting the taxpayer, why would you not put a stop to that mistake? How can you defend things like the fact that the cost of the cleanup was underestimated to the point where it has gone from \$444 million to as much as \$2 billion now? How can you defend spending \$250,000 a unit for 7,000 housing units?

**Hon Ms Gigantes:** You raise some very good questions. One of the things that will help you get a sense of what is on my mind at the moment is to suggest that we think about the possible time frames for what exists or could be brought to exist at Ataratiri. I think if we were going to try to make a decision today, quickly, we might make decision A or B. If we said to ourselves, as you point out, that there have been a couple of hundred million-plus invested already; if we were to decide that our real planning time frame in this project, given what we have come to understand about it and how complex it is, should be a long time frame, perhaps 5, 10, 15, 20 years—there are projects that are worth doing that take that long to do.

The question with Ataratiri is more complex than simply, "Do we cut our losses?" The question is also, "Can we cut our losses better if we continue a project"—not necessarily the original project but a project—"on that land?" What do we have to do? What further investments would have to be made? Would that make continuation of efforts to develop Ataratiri lands worth while? These are open questions at the moment. It does take a long time and a lot of work to develop options and to try to pin down the costs associated with those options in a situation, as you quite accurately point out, where environmental costs may or may not now be defined.

In these kinds of developments what we are running into—and it is very instructive for a government and probably for people outside government too—is to understand what private developers get into, the hassles and problems they can run into and the difficulties.

The other question, which is a broader question, and again I think an important one from a public policy point of view, is whether we just write off contaminated core lands in Toronto, Hamilton, Windsor, London, Ottawa. We all have them and never do anything with them. Increasingly, industry is not using old industrial downtown sites. If we are going to say, "That land is filthy and can't be used for residential development," maybe it is not worth while to bring in those environmental and waterfront measures that would make it viable for any development.

What we are doing is writing off core land, which is a pretty precious commodity. The costs of doing something to put it in usable shape for different kinds of projects are high. We are beginning to understand how high and we are beginning to get in touch with other countries, with other states, to find out how well they have coped with similar kinds of problems. Our old cities were always built by waterfronts, and the industrial lands and the ports and everything were built along the waterfront. These are valuable lands if they can be brought into usable shape.

These are some of the things we have to take into account. I do not think it is just a question of saying, "Why don't you bite the bullet and cut your losses now?" The timing of when you cut your loss is important and some other considerations need to come into play too. You may be right that in the end—and it may be a very quick end—we say: "This government says we're going to bite the bullet. We're going to cut our losses now and get out." Maybe that is the best solution, but I would like to feel we are canvassing every option as well as we can before we make that decision.

1740

**Mrs Marland:** Madam Minister, I would just like to tell you that this project did not cost \$1 million or \$2 million or \$3 million, it cost \$237 million to buy that.

**Hon Ms Gigantes:** I said a couple of hundred million, I am sorry. I have buck teeth and sometimes my words slur.

**Mrs Marland:** Well, \$237 million and \$60,000 a day in interest.

**Hon Ms Gigantes:** Yes.

**Mrs Marland:** If you are going to prioritize where you are going to be saving money, as a minister, I would hope—it is not your fault because you are the new minister, but your government has looked at this project for in excess of one

year. It is certainly not a small project for your ministry. So for a year, your government has waffled on the decision of whether or not it is worth while paying \$60,000 a day.

It is very interesting, when you talk about all the old industrial sites and what to do with them, for a government that professes to be the only people who ever cared for people on this earth, you do not demonstrate a lot of genius in terms of leadership for your own ministry. When you talk about the costs of cleaning up industrial land—and I certainly know what that is about because I have some in my own riding—you are saying, "Do we just leave it like that or do we clean it up?" I can tell you that the cost of cleaning up that land for recreational use like open park land and recreational space is a huge percentage less than if it is going to be used for redevelopment, where you are digging basements and putting in foundations. What is happening—

**The Chair:** Mrs Marland, if I could interject and suggest to you that you are at time and the minister would like to respond. If you could—

**Mrs Marland:** Mr Chairman, the minister just took five minutes responding to my first question.

**The Chair:** I was about to complete my suggestion that we temper our commentary to the point. Perhaps if you could give the minister an opportunity, she would like to respond.

**Mrs Marland:** That is fine, but I would like to say what I want to say.

**Hon Ms Gigantes:** Feel free.

**The Chair:** I am charged by the committee to maintain the time frames allotted to me.

**Mrs Marland:** I have been going 12 minutes, Mr Chairman.

**Hon Ms Gigantes:** Do I have to speak?

**Mrs Marland:** Are we doing 15-minute or 20-minute turnarounds?

**The Chair:** We are doing 15-minute turnarounds.

**Mrs Marland:** Okay, that is fine.

**The Chair:** I just wanted to advise you that you were coming near to that. In fact now we are over that, but if you wish a response, the minister can use her time accordingly. I am guided by the committee's mandate.

**Mrs Marland:** You have used up some of my time, Mr Chairman.

**The Chair:** I did not cut you off, Mrs Marland, I just advised you that you were nearing the end of your time.

**Mrs Marland:** Thank you.

**Hon Ms Gigantes:** I am quite happy to hear further comments from the Conservative critic.

**Mrs Marland:** We live in a province where we are continually landfilling into our lake to provide open recreational space. The cost of rehabilitating industrial contaminated land to residential standard compared to recreational standard is very different. If you are saying, "What do we do with all these dirty old lands?" I agree with you. What do we do with them? I suggest that as we get more and more dense urban development in the downtown city core, which we are—I heard a friend of yours, Mr Jack Layton, on the radio



this morning, talking about a little park around the corner from here that is going to be lost because Tridel is building a big high-rise building. You have only got to walk along the lakeshore and see the landfilling into Lake Ontario for parks.

If you want suggestions about what to do with this kind of contaminated land, I have them, but what I am suggesting is that to be a responsible government, you do not spend \$60,000 a day hanging on to it while you make a decision. I am simply saying to you that sooner or later you are going to have to make the decision, so why do you not have a think tank? Even if it took you a week, with all of this wonderful staff you have, you could make the decision once and for all. But you are evading the commitment to the taxpayers of this province by evading making that very important decision. What we want to see is not this kind of money wasted when there is such a need for this money in other areas.

**Hon Ms Gigantes:** The things that are in mind on this policy decision are the things I have tried to describe. I do believe it is worth gathering whatever evidence we need to make sure the decisions we are looking at are fully informed. If we were to say, "The best thing to do is just to get out," we could lose a lot more than we need to. I would like to make sure that if we decide to get out, we decide on the best possible information.

**Mrs Marland:** And you think that \$250,000 a unit—

**The Chair:** I am sorry, Mrs Marland, in fairness to the other committee members—I have Mr O'Connor, who has been most patient and he has been waiting. We have seven and a half hours in total. You will have time to revisit your line of questioning. Mr O'Connor.

**Mr O'Connor:** Madam Minister, thank you for coming today. As I have been told, you are obligated to do.

**Hon Ms Gigantes:** That is right.

**Mr O'Connor:** It is still a pleasure to have you here, and your staff as well. We have talked a little bit about north Pickering and the Seaton development. As a lifetime resident of Durham region who watched the land holdings grow for reasons of an airport, I am curious as to what consultation procedure you are proceeding with in trying to develop a strategy around affordable housing for the Seaton project. It is a vast land holding and I am concerned whether or not it is going to be the most environmentally sound project possible, when we consider that a lot of the land is prime agricultural land and perhaps should be left that way. I am also concerned about whether we are going to have sprawl, as a number of communities have.

**Hon Ms Gigantes:** Seaton has large potential for the development of new ideas and new concepts and new affordable housing. The current process is one in which we are deliberately going out and looking for feedback from people from the area. I would like to have our ministry people come and talk to you about it, because they are very much better informed than I am. It would make more sense for them to tell you than for me to read things off a piece of paper, and I love to hear them say it, too.

**The Chair:** Mr Dino Chiesa, you know most of us. Welcome. Would you like to respond?

**Mr Chiesa:** Thank you for the introduction. We are going through a very public consultation process now, where we have about 30 stakeholder groups in a room over six one-day sessions. We are meeting once a week, every Thursday, and these stakeholders very much represent broad community interests. They represent municipalities, the region, the Seaton community group, environmental groups, Save the Rouge groups, farm land preservation groups and developer-builder organizations. Every walk of community interests and local interests are represented in this group. By and large, what we are asking for from them is how they would like to see the Seaton lands developed, how they see development happening on all those 20,000 acres in total.

The main messages coming out are the same messages that we as staff have been promoting, which is very much one of conservation of farmland, compact urban growth, the support of public transit—very much an intensified use, a mixed, integrated community so that everyone can live there, a community. We are trying to set an environmental standard for the development of Seaton. We want to preserve the streams and valley systems there. We are trying to be very careful as to how we affect the cold-water fisheries in the area. We are very much doing it state-of-the-art. The kind of process we want to go through, because of the size of it, is very much an open and consultative process.

1750

**Mr O'Connor:** In dealing with that, what about interaction with other ministries in this consultation process that you are going through?

**Mr Chiesa:** We have an interministerial group, a staff level group, that meets every couple of weeks and is trying to deal with early provision of services, for example, trying to make all the linkages with education, with the disabled, with colleges and universities, trying to get some ideas for employment-generating activities in the area. The Ministry of Transport is going to play a big role there. The Ministry of the Environment is considering the whole question of environmental assessment versus other things.

We are trying through this interministerial group to do as much of the interministerial work as we can ahead of time and feed that back to the consultation process, so they know what the different thinking is for different ministries. A formalized interministerial group has been meeting for, I guess, about six months now and the minutes of all those meetings and recommendations of all those things have been made available to the group that is meeting every week.

**Mr O'Connor:** Given the length of time that land holdings have been sitting there, I suppose the consultation period will not be nearly as long. Can we get a sense of when the consultation process may be wrapping up, so that we can perhaps anticipate the decision somewhere down the road?

**Mr Chiesa:** We have been consulting for a couple of years now, but as you are aware, we have had a change in government. We try to focus as much of that as we can within a short period of time, which is why we are having these final six one-day sessions with the major stakeholders. We plan to come back to the government this fall with the recommendations from that consultation and then some action will be forthcoming after that.

**Mr O'Connor:** How many meetings have you had so far?

**Mr Chiesa:** We have had four meetings out of the six. There may be actually one more meeting because of the size of this. We may have to take one more week. We are meeting every week, so that in another three weeks the meetings will be over.

**Mr O'Connor:** Terrific.

**The Chair:** Mr Wilson has some questions.

**Mr G. Wilson:** Minister, much of the discussion today has been about the building of new housing. My question concerns the stock that is already there. As you know, we depend on the stock that we already have and it is getting older, especially in my area. There are many old buildings. I was wondering what programs there are available to help the owners of these buildings. Again, I guess it applies in part to the co-operation that exists between the ministry and the private sector. I have in mind particularly the low-rise rehabilitation programs and I would like to know what success there has been with this program up to this stage and where we are going with it.

**Hon Ms Gigantes:** I am going to call upon a little help here too, just to give you an update on the program. We did undertake new initiatives under the low-rise rehabilitation program in this current year's budget.

**The Chair:** Mr Wilson, would you like to respond to Mr Wilson's question—just to help Hansard?

**Mr M. Wilson:** You were mentioning low-rise rehabilitation, but in addition there is the Ontario home renewal program and various disabled options under programs such as convert-to-rent, Ontario home renewal program, low-rise rental rehabilitation and of course, the program for the physically disabled themselves.

In terms of home owner programs, the Ontario home renewal program is used by homeowners in a particular income group to repair and rehabilitate their homes to occupancy standards within communities. In the low-rise rental rehabilitation program, it is provided to upgrade and maintain rental housing buildings in the province of Ontario. Of course there is a sharing formula between the owner of the building and the amount of government money that goes to upgrade the building to the standards appropriate for that particular community and that particular time.

**Mr G. Wilson:** I was wondering how much scope there is for rehabilitating these buildings, taking into account the historical nature of them, to include materials that would fit in with the time that they were built, say copper roofing to fit in with other parts of the building that might be copper-clad. Are there funds for that so that there would be some sensitivity to the historical nature of these buildings?

**Mr M. Wilson:** In terms of the low-rise rental rehabilitation program, we would not ordinarily be dealing with buildings of a historical nature; they would be residential. We could have done something like that in the province somewhere, but to the best of my knowledge we have not been involved in anything under low-rise that would have encompassed buildings of historical significance and

therefore protected by the Heritage Act and what have you, nothing like that that I know of.

**Mr G. Wilson:** I was not thinking of anything quite that extensive. Just to fit in, say, with older buildings that have different materials, older materials, that are not necessarily designated.

**Mr M. Wilson:** There is a cap on the amount of funding that we will provide for low-rise. The amount of funding the owner chooses to add to that to bring the building up to whatever standard he or she may feel appropriate is of course the owner's decision. But our funding is, in fact, capped, based on, I suppose, not necessarily a list of materials, but a list of things that can be done to the building.

**Hon Ms Gigantes:** Are you thinking, Gary, of buildings that have actually been designated historical?

**Mr G. Wilson:** Not really.

**Hon Ms Gigantes:** Just interesting old buildings?

**Mr G. Wilson:** In part interesting, but on the building owner's part. There is the idea that the materials are often more expensive because the buildings are older and perhaps need more maintenance than a newer building would need, but also for the materials to fit in. I used the example of the copper roof which, of course, would probably be a designated building, but in any case, that would make it fit in with the building as it exists. It might be harder to get. I would say, as my colleague here mentioned, the neighbourhood would have to try to keep up the aesthetic value.

**Hon Ms Gigantes:** It is very expensive, as we all know if we have talked to anybody who has tried to do it. I do not know if there are any experts in the room, but it is a very expensive proposition, and I think that if we have acquired older buildings, it has been more accidental, in terms of our programs, than anything else. But it is an issue I have had people raise with me.

We have a crossover problem between the responsibility to provide affordable housing, for example, and the idea of preserving buildings which mean a lot to a community, which overlaps Ministry of Housing concerns with the concerns, for example, of the Ministry of Culture and Communications. I do not think we have got a good sort on that yet, and it is probably something that we will be increasingly called upon to think about as we have more proposals for acquisitions come forward.

**Mr G. Wilson:** I think there is an aspect of wellness here, too, in the community, is there not, when you think of the variety of housing styles that would probably be beneficial to a community and the kind of stock that we would want to see.

**Hon Ms Gigantes:** If we could just think up a genius way of funding it.

**Mr G. Wilson:** It would be much more productive under this—

**The Chair:** Maybe we will tune in tomorrow and find an answer to that question. As I see 6 of the clock, we have five hours and four minutes remaining for estimates. This committee stands adjourned until 3:30 of the clock on Wednesday 9 October.

The committee adjourned at 1759.



## CONTENTS

Tuesday 8 October 1991

Ministry of Housing .....	E-463
---------------------------	-------

### STANDING COMMITTEE ON ESTIMATES

**Chair:** Jackson, Cameron (Burlington South PC)  
**Vice-Chair:** Marland, Margaret (Mississauga South PC)  
Carr, Gary (Oakville South PC)  
Daigeler, Hans (Nepean L)  
Farnan, Mike (Cambridge NDP)  
Johnson, Paul R. (Prince Edward-Lennox-South Hastings NDP)  
Lessard, Wayne (Windsor-Walkerville NDP)  
McGuinty, Dalton (Ottawa South L)  
McLeod, Lyn (Fort William L)  
O'Connor, Larry (Durham-York NDP)  
Perruzza, Anthony (Downsview NDP)  
Wilson, Gary (Kingston and The Islands NDP)

**Substitution:** Poole, Dianne (Eglinton L) for Mrs McLeod

**Also taking part:** Rizzo, Tony (Oakwood Ind)

**Clerk:** Carrozza, Franco













E-17 1991

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(Hansard)**

Wednesday 9 October 1991

**Journal  
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(Hansard)**

Le mercredi 9 octobre 1991

**Standing committee on  
estimates**

Ministry of Housing

**Comité permanent des budgets  
des dépenses**

Ministère du Logement



Chair: Cameron Jackson  
Clerk: Franco Carrozza

Président : Cameron Jackson  
Greffier : Franco Carrozza

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## Table of Contents

Table of Contents for proceedings reported in this issue appears at the back, together with a list of committee members and other members taking part.

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## Table des matières

La table des matières des séances rapportées dans ce numéro se trouve à l'arrière de ce fascicule, ainsi qu'une liste des membres du comité et des autres députés ayant participé.

Il existe un index cumulatif des numéros précédents. Les renseignements qu'il contient sont à votre disposition par téléphone auprès des employés de l'index du Journal des débats au (416) 325-7400.

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON ESTIMATES

Wednesday 9 October 1991

The committee met at 1548 in committee room 2.

### MINISTRY OF HOUSING

**The Chair:** I would like to call to order the standing committee on estimates. We are reconvening today to continue with the estimates of the Ministry of Housing. We have five hours and four minutes remaining and, as we follow in rotation, I would like to recognize Ms Poole, unless the minister has some items she would like to table with committee members that flow from yesterday's questions. Perhaps now would be an appropriate time to share those.

**Hon Ms Gigantes:** Mr Chair, we do have answers tabled by the assistant deputy minister in charge of planning for the ministry to questions that were raised by the Liberal critic and we would be quite happy to provide the committee with copies of those.

Also, there were further questions she raised yesterday. Staff have not written the answers, but they are certainly prepared to answer questions at the convenience of committee members.

**The Chair:** At this point it would be helpful to the process if we circulated that material which is available to be circulated. If you have a source document with no copies, I would relieve you of that. Is it the same as the one that is being distributed by the clerk?

**Hon Ms Gigantes:** I believe so, Mr Chair. That is it.

**The Chair:** If there are subsequent submissions that can be brought before the start of our next meeting, which will be next Tuesday, and if sufficient copies are photocopied we will distribute those. You can distribute them in advance to the clerk and he will make sure they are in the hands of committee members prior to Tuesday, if they can be developed and responded to in that time.

**Hon Ms Gigantes:** If it is the pleasure of the committee today, I am going to repeat the offer that staff are prepared to respond to other questions that have been raised.

**The Chair:** I believe everyone heard you make that statement, minister. In the time allocation format, which this committee is accustomed to it can revisit any or all those questions as it sees fit. I appreciate your offer that staff are here today prepared to respond to those verbally.

**Mrs Marland:** These are the answers to the questions raised by the Liberal critic. I gave the deputy minister a copy of my questions. Do you also have the answers to those?

**Hon Ms Gigantes:** No, I do not think we have written answers, but I believe there are staff here prepared to answer your questions orally at this point. We can provide written material later.

**Ms Poole:** Mr Chairman, maybe I could clarify for Mrs Marland. These are primarily questions I asked, but also a couple that the Conservative critic asked during the

Bill 121 hearings, so these answers stem from August 1 and August 27.

**Mrs Marland:** That is fine. I thought they were answers to yesterday's questions.

**Ms Poole:** No, I just raised this yesterday as a point that I would like these answers available.

**The Chair:** Thank you for that clarification. I now recognize Ms Poole.

**Ms Poole:** Since we have just been talking about rent control and Bill 121, perhaps I could start off on that particular topic. The minister may not feel comfortable in answering these questions, but I am assured she would certainly be capable of answering them since they relate more to the philosophical-ideological base, as opposed to specific ministry programs.

If we look at the NDP campaign promise of 1990, it was very clear that the NDP supported one rent increase per year based on inflation. If I recall the words correctly, they were, "There will be no extra bonuses for capital or financing costs." Somehow that is indelibly embedded on my mind. When you came up with the long-term legislation, Bill 121 was significantly different from the promise you made in 1990. Would you please share your thoughts with us as to why the change and why your party has decided to allow capital cost pass-through in this legislation?

**Hon Ms Gigantes:** The bill is considerably more elaborate than our election discussion. That is quite accurate. The framing of that bill, as you know, was the result of a very extensive consultation undertaken with a great number of groups and individuals across the province. There were over 1,000 contacts with groups and individuals by letter, through direct meetings, through public meetings, you name it. I know you are aware of all that because you were in the Legislature, you were in your riding and you were acting as Housing critic then, so you are aware of how very extensive the consultation process was.

At the end of that process the product was Bill 121 which, as you indicate, does allow for a pass-through of certain kinds, capital costs and some extraordinary costs, and that is as a direct result of the consultation process.

**Ms Poole:** I suppose the first thing I would take issue with is your terminology, "extensive consultation." The one thing landlords and tenants have both been able to agree on to an amazing extent is that this process under the so-called consultation on Bill 121 was hurried and meaningless. I attended meetings where tenants told you this and where landlords told you this, that they both wanted you to slow down the process and allow for meaningful consultation. It was to the stage where your predecessor had sent out one million questionnaires across the province inviting people to write back in, inviting people to ask for the green paper. Yet there was a huge backlog of requests

even to receive the green paper before the end of the consultation period that were not answered.

Second, the legislation was already in its second draft three weeks prior to the end of this so-called consultation process. It was a mockery. I was invited to go to the minister's public meetings. I was not allowed to speak, nor was the Conservative critic. It is a strange kind of consultation where these types of things go on. I said to the minister at the time that I was quite sympathetic with his concern that this not be a political forum, that I was willing to keep my comments just to factual matters, to ask questions primarily, as opposed to even making statements, and still was denied that opportunity. So I really have to question that anything came out of that so-called extensive consultation.

I really cannot comprehend how your party can try to sell this as some modification. It is a basic reversal of your campaign promise, and certainly tenants see it as a major betrayal.

I would like to ask you about one other policy direction which I believe your party supported prior to becoming the government, and that is the establishment of capital reserve funds. Perhaps the minister could elaborate on why they chose not to go with a capital reserve fund, either a building-by-building fund or a province-wide fund.

**Hon Ms Gigantes:** I would be pleased to. I do not know how you can suggest that nothing came out of it, because a bill came out of it. The bill is one that we are still working on.

I am just going to put on record, if I may, an account of what happened during that process. Some 20,000 English copies of the consultation paper were distributed; there were 1,400 copies in French distributed. Some 980,000 copies of the summary tabloid were circulated to tenants in multiple-unit apartment buildings, and those tabloids included a questionnaire. The former minister held seven public meetings across the province in major urban centres. The parliamentary assistant and the member for Wentworth North, who assisted her, held 13 invitational meetings across the province on their own, separate from those held by the minister, and there were 25 direct meetings held with interest groups. Responses included about 1,200 people who came to meetings and expressed themselves. Over 17,000 people responded to the questionnaire, and in some cases that represented households, not just individuals. Some 1,600 people added to the questionnaire letters outlining their views, and the process involved the submission of 500 briefs.

I think it was probably the most extensive consultation process that has ever gone on in this province. Having been a member of the House previously and having watched other consultation processes, I can tell you I have certainly never seen anything of the scope of this one, and I think the responses indicate that people took it very seriously.

1600

The Liberal critic suggests that it was a mistake not to have the opposition critics join in the consultation. It was a feeling of the minister, and I think he explained this to both the critics and to the Legislature, that in fact this process was for people in the communities in Ontario. He felt that

the input and questions of members of the Legislature could be raised in the legislative setting. That was his rationale. I can certainly understand that rationale, and I think that within the time period, which was fairly extensive, the number of contributions we had from people across the province was quite wonderful.

Oh, I forgot to speak to the question of whether we might have a fund developed which would provide for the renewal of apartment buildings. This is a matter in which I personally have a great interest, and I am certainly going to pursue that interest and see if we can develop a good proposal.

**Ms Poole:** I would like to explore that in just a moment but first I have to correct several things that were said about this so-called extensive consultation.

The green paper was issued in late February and I believe the submissions deadline was April 6 or April 7. There were six weeks allowed, and that included trying to distribute these 20,000 copies. Many people had not even received their copy of the green paper by the time of the deadline for submissions. I talked to many people at those meetings, because I went to a number of those so-called public meetings, and they were livid about the fact that they could not speak. They were not public meetings; they were hearings by invitation where carefully selected individuals and groups were invited to make commentary and to ask questions.

There was an attempt to make it balanced as far as landlord and tenant are concerned, but I can tell you that there was no opportunity for the public consultation. We almost had a riot in north Toronto when we had 300 to 400 people who came expecting to be able to have some sort of input and it was denied them. The local paper carried an article about it saying: "What's going on here? What kind of process is this?"

You ask Dan McIntyre of the Federation of Ottawa-Carleton Tenants' Associations. I know, Madam Minister, you know him well. Ask the Federation of Metro Tenants' Associations. Ask the Fair Rental Policy Organization of Ontario. Ask any of those tenant and landlord groups and, to a one, they all said the same thing—that they wanted more time, that it was a massive undertaking to review the current system and try to make fairly massive changes, and certainly that kind of response time was totally meaningless.

I realize you were not necessarily intensively involved in the process at the time, you were not minister, but as opposed to being one of the best processes this province has seen, I consider it to be the opposite. It was a mockery where you hit the top of the waves superficially. "Look at all the things we've done. We've sent out a million questionnaires." But the questionnaires, by their very nature, that they were being sent to all these tenants and groups in such massive quantities, were very limited in the information they gave. They asked questions without enough information so that people could make an informed decision. Those people who wrote in and said, "I want more information; I need more information to make an informed decision," could not get the green paper back to them in time to meet your six-week deadline.

That is what it is all about. Perhaps Bill 121 came out of it. I can tell you that very little of Bill 121 came because of that consultation. It was all predetermined. There were



very few real surprises from the consultation paper as far as changes when Bill 121 came out. I think it was ministry-driven as opposed to public-driven, and I take great exception to this being painted as a true consultation because I think it was the furthest thing from that.

I would also be most interested in your comments on the capital reserve fund. You were interested in proceeding on this. I wonder if the minister could clarify whether she intends to proceed with this during amendments to Bill 121 or whether she is talking about a long-range project where this could be incorporated at a later date.

**Hon Ms Gigantes:** To get back first to the question of the consultation, I think the very fact that 17,000 people felt it worth while to send in those questionnaires contradicts your sense that they did not find them useful.

**Ms Poole:** Out of almost a million.

**Hon Ms Gigantes:** There were 980,000 copies, yes. It is still a very high percentage return.

**Ms Poole:** A very low percentage return.

**Hon Ms Gigantes:** There you and I disagree. Of those people, 1,600 also wrote letters. I would like to know when else a ministry of the Ontario government has received 1,600 letters in response to a consultation. Perhaps you can cite an example, but I certainly have never seen this before.

**Ms Poole:** You were the previous Minister of Health, and I would cite the Health Professions Legislation Review.

**The Chair:** For the record, I had you all beat when we did the separate school funding bill. It holds the record. Sean Conway, myself and Richard Johnston sat through 900 briefs over a four-and-a-half month period.

**Hon Ms Gigantes:** That is a bit different, Mr Chair. I was about to come to that.

**The Chair:** Separate school funding?

**Ms Poole:** Your party has already endorsed it.

**Hon Ms Gigantes:** The process was a bit different. We also received 500 briefs, so that has to be added up.

Beyond that, the critic seems to imply that the consultation process ended the moment anything was put in proposed legislation and that the consultation process does not include the discussions that go on once a government has put forward proposed legislation. In my view, that is part of the consultation process too. In this case, as you know, it was extended through summer hearings, and round after round of groups appeared. They made presentations, they wrote briefs, they talked to representatives of the government and the opposition during the pre-tabling period. Then once the legislation was tabled, they again responded. Many of them appeared before the committee during the summer.

In addition to that, there have been a series of meetings with the ministry and certainly with this minister—and I am sure that was true with the previous minister—apart from that whole process, and in some cases after, to the point where I have been meeting with groups as late as, I believe, last Thursday to discuss where we would go now in terms of moving the bill forward and, having been aware of the hearings this summer and other people's contributions, what their feelings were about what the amendment

should be if they were coming right down to the point of making a choice.

I think the process has been one where the consultation essentially has gone on since February 18. It is still going on, and it will continue when we go through the clause-by-clause. I am sure we will have more discussion with more groups around this. So there you are.

**The Chair:** So endeth the section on questions on consultation. I would like to move to Mrs Marland now, please.

**Ms Poole:** Mr Chair, could I just ask at the beginning of our next 15-minute session if we could return to the question I asked, which the minister did not get an opportunity to answer, about the capital reserve funds.

**The Chair:** Absolutely. It is your time. You can lead off by making that request. No problem.

**Mrs Marland:** Madam Minister, will I receive written answers to my written questions on yesterday's opening statement?

**Hon Ms Gigantes:** It depends very much on your preference. We have people here who would be able to answer your questions orally now and probably provide you with a better sense of discussion around the issues you would like to raise than will be easily achieved by a written answer. So it is really your preference.

**Mrs Marland:** I would ask that I have the written answers, because I do have a whole lot more questions.

**Hon Ms Gigantes:** Very good.

1610

**Mrs Marland:** Thank you. I look forward to receiving those. Just to open today, I really want to ask you whether your government sees its responsibility as being in the land banking business and also in the business of being landlords. Is that the philosophy of your party? Is that where you are going to be heading down the road?

**Hon Ms Gigantes:** Is that all we are concerned about? I am not quite sure I understand what it is you are asking about.

**Mrs Marland:** No, I am not asking if that is all you are concerned about; I am asking whether you think your government should be in the business of land banking and the business of being landlord.

**Hon Ms Gigantes:** In fact, the tradition of the government acting as a landlord goes back many decades in this province, and 84,000 units of housing are in the portfolio of the Ontario Housing Corp. They were all built before 1976 and we continue as a landlord in that sense. In the broader context, we have not become landlords; we have assisted other people in developing co-op and non-profit housing which is run on a local basis. It is run with assistance from the provincial government and very often with contributions from the federal government. I do not know if that responds to your question on that score.

In terms of land banking, we have become the owners of land perforce. One case that comes to my mind, the Seaton case, is the inheritance of land assembly which was undertaken when the federal government was planning to build an airport in the north Pickering area, so we built on that land. There is land held by various agencies and

corporations of the province of Ontario and Ontario Hydro, much of which has been owned by the government over long periods of time. I am not quite sure what you mean.

If you mean, on the other hand, are we out to try to put together large parcels of development land à la Ataratiri, certainly I think the experience with the difficulties of development is one that would make our government, and I am sure any government, thinking of assembling large pieces of land that way, think very seriously about what the realities of that process are going to have to be. I cannot give you a very simple answer on that. I hope that responds to your interest.

**Mrs Marland:** When I look at the cost of what your government is doing, it just seems to me that you are getting deeper and deeper into a business that totally excludes the alternatives, which is the private sector. You said yesterday that affordable land is the problem in terms of providing affordable housing. You mentioned Seaton; let's talk about Seaton for a few minutes.

Seaton is another concept and program you have inherited from the Liberal government. Frankly, when we are faced today with the problems we have in Ontario with the cost of what urban sprawl demands in terms of infrastructure, we know now and we have, unfortunately, many examples of where urban sprawl has become a very expensive way of providing accommodation for people in terms of shelter. Frankly, I am not a supporter of the Seaton concept because I think when we look at what Seaton will be, we are ignoring a tremendous potential of whatever money we put in to develop Seaton and ignoring the potential for that investment to be made in the existing urban downtown area of Toronto.

We are looking at making people dependent on cars for commuting to their jobs from Seaton. We are dependent on major capital expenses in terms of the infrastructure of those roads, but also of the sewage treatment and water supply. In the city you could invest the same money in redevelopment and you have the infrastructure in place. You have the schools, libraries and recreation centres, and yet we are going to go up there.

I heard yesterday there are 30 stakeholders, so I assume those are the private developers. We are talking about 20,000 acres. We are still talking about a tremendous infusion of government money to make Seaton come on stream, unless you are going to turn around and say to those 30 stakeholders—some of them, I recognize, are other levels of government—municipal—and other levels of agencies, such as conservation authorities and so forth, that also are dependent on public money.

I really want to ask you what you see as the merit of developing a Seaton with the phenomenal infusion. I am sure nobody in this room can tell us how much Seaton is going to cost. If we are not going to put people in cars and continue to pollute the atmosphere, we are going to have to build a GO Transit lane. I am sure, if you talk to the Toronto Area Transit Operating Authority, it does not have any money to build an additional GO line in that direction. As much as it wants to, it cannot expand the services to the existing urban development in the greater Toronto area.

I really would like to know what you think personally, minister, of a Seaton project that is going to make such demands for capital infrastructure and the payment of that capital infrastructure in the areas I have outlined for the taxpayers of this province. Where is the merit of doing that, versus redevelopment in our city core areas where the infrastructure exists?

**Hon Ms Gigantes:** Mr Chair, the Conservative critic is suggesting that we are getting into a business which totally excludes the private sector. I am not quite sure what that means; I really do not know. The private sector is an intimate player in the residential development sector. There is no way that anybody is trying to exclude the private sector. I just do not understand that.

She suggests that she is not a supporter of the Seaton concept, but as far as I can make out, there is no such thing yet as a Seaton concept. If you know what a Seaton concept is, I do not. If you say it means there shall be no development in areas outside the city boundaries, I do not know what that means either.

Yesterday one of our staff, Dino Chiesa, mentioned the kinds of groups involved in the Seaton consultation process. I would be glad to table that with the committee.

**Mrs Marland:** The Seaton concept is another area that is brand-new, that is being totally developed. That is what I mean by the Seaton concept.

1620

**Hon Ms Gigantes:** Mr Chair, she has suggested we are trying to make people dependent on cars to be transported to downtown Toronto. I think the discussions that have gone on around the notion of developing a community called Seaton have been discussions where people have tried to talk about a community that functioned as a community, not that was a bedroom for the city of Toronto. It is certainly not our intention to have people involved in developing the Seaton community as an alternative to intensification in core areas in Toronto or any other place. We think it is very important. I hoped the discussion yesterday of the question of the housing policy statement would have indicated and reassured the critic that we are very committed to good urban intensification and making full use of those community facilities—transport, sewage, water, schools, parks, you name it—which exist in urban cores, and looking to that kind of development to provide us with the kind of future development we are going to need in urban areas in Ontario. We consider it very important and I personally do too. We do not consider any discussion of the Seaton community as a substitute for that.

**Mrs Marland:** I am old enough to remember when Don Mills was designed by Carl Fraser and I think that was about 40 years ago. Don Mills was developed as the first satellite self-contained community that was going to have its own services, its own employment centres and its own commercial-retail centre. When it was built it was not connected to the city of Toronto. You are talking about a Seaton which you and I both know, if you look at the project proposal, is not going to have the jobs for all the people who are going to live there, so you are going to have people commuting.



If you are going to have 20,000 acres developed and have a mix of development, some commercial and some industry—look at the size of Mississauga and how many people work downtown who live in Mississauga. Those communities are not self-sustaining in terms of the employment they can develop within them. You end up driving people out their doors in the morning and into their cars and on to the highways.

You say it is not going to be a bedroom for Toronto. I am sorry, I can sit here on record and wager you how many of those people will not be employed in Seaton. Certainly there will be some self-supporting commercial-retail and some professional in Seaton, but the majority of people are not going to work in Seaton. They are going to be thrown out on the highways with all that involves. Anybody who commutes can tell you about the stress of commuting.

You are talking about, as I did, Seaton versus intensification. Government cannot be all things to all people. We cannot expect the taxpayers of this province to pay for everything. Why do you not set a priority? Is it not more responsible to use the money for intensification, where the infrastructure exists, than building another whole new community where you have to fund the infrastructure to connect it to the employment sector, which obviously is Toronto?

You cannot do both. You do not have the money to do both. I am just saying that if you are going to leave Seaton to be developed by the private sector totally without any government funding, fine. I do not even know which developers are involved up there. They cannot afford to put in the infrastructure that will service Seaton and make it become a realistic link to where the employment sector is.

I cannot see the logic of that kind of investment, when you have a location with existing infrastructure in Toronto that could be redeveloped. You only have to go to other cities all around the world to see how redevelopment works if it is done properly. The correction to the urban sprawl theory, where people have moved out to the suburbs and the downtown areas are being redeveloped, is a very successful program, but it does need some government assistance. Obviously, if—I mean, I hear that your government has a \$10-billion with a deficit. I am sure you do not have money to throw after projects you cannot justify in terms of priority. I certainly hope your government will see a priority in where you spend the money, because you do not have it. Or do you have it that you can spend on intensification and building the infrastructure to a brand new community, which is out of date? Don Mills was fine in its time, but Seaton is out of date.

**Hon Ms Gigantes:** I am very pleased to hear the Conservative critic lend her support to the intensification of our downtowns—and I guess the plural—not just Toronto. I am also delighted to know that she does not want to see the same old thing built over and over on the suburban fringe. I think she is quite accurate in her analysis of the problems that creates. She is quite accurate in identifying that we have to take a new kind of path to future development. I am hopeful that when the Seaton consultation process produces a report, as it will, we can sit together and take a look at it, see if it makes sense and make sure it is not a repetition of the old suburban development pattern.

**Mrs Marland:** You are spending \$5 million on it this year.

**Hon Ms Gigantes:** Actually, I do not think we are going to end up spending that much because the whole process of getting the consultation going—

**Mrs Marland:** That is what is in your estimates, I think.

**Hon Ms Gigantes:** Yes, but I think the whole thing has taken so much effort to get together that we probably will not end up following through with all that spending. There may be somebody here who can give me an estimate on that.

**The Chair:** They are scrambling, but we will have a taker in a moment.

**Hon Ms Gigantes:** Am I right on that?

**The Chair:** I see Mr Chiesa is going to boldly go where no other staff would go. Thank you, Mr Chiesa. Identify yourself and your title for the record. That would perhaps be interesting. We did not see you in the latest printing.

**Mr Chiesa:** I am Dino Chiesa, special adviser, land development.

**Mrs Marland:** The question is \$5.3 million, page 234.

**Mr Chiesa:** Right. I understand there was an amendment to that budget line. Do you want to take it, Arnie?

**The Chair:** Welcome. Introduce yourself, please.

**Mr Temple:** My name is Arnold Temple. I am the assistant deputy minister of corporate resources. As part of the Treasurer's mid-year adjustment, \$2.3 million was removed from that because it will not be spent this year. The advances to the North Pickering Development Corp will not be spent. They would be loans that were planned and they would be paid back with the revenues that would be generated from the plans.

**Mr Chiesa:** Right. The balance of the \$2.5 million would only be expended should the North Pickering Development Corp become active. In other words, the consultation process will take us one more step. The bulk of the money would only be spent if in fact the North Pickering Development Corp becomes operational, a chairperson is put in place, a CEO is hired and it is designated an urban growth area. That decision has not been made yet. The actual moneys that are being spent in staff time and in studies now are very small.

**The Chair:** Mrs Marland, with the committee's indulgence, I am going to let you go on because you have the staff assembled, but we are at time. I will make up the time before the day is out if I have the permission of the committee. Can we extend Mrs Marland a period of time? We will adjust accordingly, but while we have the staff, please proceed.

**Mrs Marland:** The estimates I have say \$5,388,000. What is the revised figure?

**Mr Temple:** About \$3 million.

**Mrs Marland:** Are you saying that \$3 million is for a chairman and a CEO?

**Mr Temple:** No. Those would be other loans and advances, including the staffing, to the north Pickering corporation.

**Mrs Marland:** Loans and advances to whom?

**Mr Temple:** To the North Pickering Development Corp, which would be the one that would expend the money. Those would be loans and advances to the corporation, which ultimately would be paid back to the consolidated revenue fund.

**Mrs Marland:** So why do you have to loan them money?

1630

**Mr Chiesa:** The reason is that the North Pickering Development Corp has a very major asset, which is the 20,000 acres of land. The book value of that asset is zero. My understanding is that the North Pickering Development Corp does not have the ability to capitalize on the value of that asset. That asset has a very substantial value if sold on the open market, but it is written down to zero. The advance would be towards doing development plans and doing some water feeder mains and those kinds of things. When the land is actually put up for sale and tender, that money would be paid back, of course, and some money realized from that.

**Mrs Marland:** This is very interesting. If I own some property and need some help developing it, can I borrow money from the government to get it up and going?

**Mr Chiesa:** No, but if you had collateral, you could certainly borrow money from private financial institutions. The North Pickering Development Corp does not have that ability as yet.

**Mrs Marland:** If I have the same ability as the North Pickering Development Corp, are you going to loan me money? Is that what we are doing now?

**Hon Ms Gigantes:** But Margaret, you are not a public asset.

**The Chair:** She is in Mississauga South.

**Hon Ms Gigantes:** I couldn't resist.

**Mr Chiesa:** I guess the question very simply is that if this were a private enterprise and we owned that land, we could borrow on the open market from a bank or anywhere else and we could self-finance. It was very much a self-financing project.

**Mrs Marland:** We are saying it is totally a government project then?

**Mr Chiesa:** No. We are saying it is a piece of government-owned land that may or may not be developed over time, depending on the wishes of the government.

**Hon Ms Gigantes:** How old is the North Pickering corporation?

**Mr Temple:** This is off the cuff, but I think in about 1974 or 1975 the legislation was passed creating the North Pickering Development Corp.

**Mrs Marland:** In fairness, and I will come back to this, are there any other amendments to this estimates book that will come as a surprise like this last one, and why do we not have them?

**The Chair:** We may address that issue in a moment. There are what are referred to as supplementary estimates, and I did not routinely inquire if there were supplementary

estimates in a position to be tabled. I am told by the clerk they are not yet ready.

Also, it is the custom of this committee, with what have been referred to already as mid-year adjustments—we did last year when there was an adjustment announced by the previous government—that we would be requesting that the minister identify those areas slated for cuts. That has been a customary question raised. We would request that, at the earliest convenience, you document where those cuts are to be made for the committee to allow time during deliberations in which committee members can work with that information. I will make that request on behalf of the entire committee. That has been the practice and custom in previous estimates.

**Hon Ms Gigantes:** That question was raised yesterday by the Liberal critic. We have staff here who could enlighten committee members and remind me of my enlightenment right now whether that is the will of the committee.

**Mrs Marland:** Rather than take up the time, if we could just receive the copies, I can feed them into my estimates book tomorrow morning.

**Hon Ms Gigantes:** The Chair is indicating they will not look like your estimates book.

**The Chair:** Supplementary estimates do not.

**Mrs Marland:** It does not matter.

**Hon Ms Gigantes:** Certainly we can put them in written form.

**Mrs Marland:** Yes, and I can make my adjustments.

**The Chair:** I am in the hands of the committee. If they wish to have a verbal walk-through of where the substantive cuts are for the estimates book, if you are prepared to present it in that fashion, we could proceed with that. On the other hand, if they would like to have it in writing, I am sure staff will have sufficient time to have that ready at the very latest for the reconvening of next Tuesday's estimates.

**Hon Ms Gigantes:** We could do both.

**Ms Poole:** The government members have not even had an opportunity to ask questions today, and certainly we have many more. I suggest that this be tabled in writing with our committee by the end of the day next Monday so that we will have an opportunity to peruse it before going into estimates. If the minister thinks that is a reasonable timetable, it would certainly be fine with us.

**Mr Johnson:** Monday is a holiday.

**Ms Poole:** Nine o'clock Tuesday morning?

**The Chair:** We are going to be eating turkey instead of acting like turkeys. We will not be here.

Deputy, could you advise us as to whether your staff will have that ready in sufficient time? I am getting nods on Hansard. Thank you.

**Mr Temple:** Yes, we will have a written response to that particular question that was raised by Ms Poole for Tuesday.

**Ms Poole:** Would it be possible to have it in the morning so we could have a chance to look at it before getting to estimates in the afternoon?



**Mr Temple:** We will certainly make every effort to do that.

**The Chair:** For the record, we are asking for all identified areas of cuts, in accordance with the Treasurer's memorandum. That is what we are asking, not the specific cuts associated with Ms Poole's question. We are talking about all cuts.

**Hon Ms Gigantes:** You do not want to limit yourself to cuts. You want to know about all constraints and changes and everything, so that is what we will—

**The Chair:** Fair ball, but I want to underscore that we are asking for those that are the identified cuts for the adjustments that are associated with the Treasurer's memorandum.

**Mr O'Connor:** On this point, my office not being in the Legislative Assembly here but up at St Clair and Avenue Road, perhaps those changes could be sent to me in the House on Tuesday.

**Hon Ms Gigantes:** Faxed.

**Mr O'Connor:** Or faxed or something. If they are sent through the regular process, they may not show up for a week or two.

**Mrs Marland:** Do you have that trouble too?

**The Chair:** I am not going to touch that one.

**Mr Lessard:** I got an interesting letter yesterday from the city of Windsor, and in that they included a report which is called the Windsor-Essex Access to Permanent Housing Committee report. It is a response to the documents that were released during the summer or the springtime with respect to a housing framework for Ontario and government land for housing.

The group that looked at those two documents—they were referred to as the green papers, I guess—were members of the Windsor Housing Advisory Committee and the Windsor-Essex Access to Permanent Housing Committee. They got together and prepared this report during the summertime. It went to city council, and city council endorsed the recommendations that were made by the committee and forwarded them on to me. I am sure that a copy has been provided to the Minister of Housing as well.

She has probably had an opportunity to read through it and digest all the comments that they have made. There are a couple of interesting points made in that report. They do not really make any strong recommendations within it, but they do indicate the common concerns that resulted from their study of the reports. One of them at the top was with respect to increasing access by individuals and families to adequate and affordable housing, the point being that in order to increase access by individuals and families to affordable housing, you have to identify the need within the community, and one of the ways to do that is to develop a common waiting list.

I know within my own community there are a number of organizations and agencies that offer services to people who are looking for affordable housing, and in fact sometimes people come to my office to ask where they can look for affordable housing. We have actually gone to the extent of drafting about a two-page list of areas where they can access this sort of information.

We have also heard from those same people and the agencies that when persons are looking for housing, they just get on everybody's list in the whole community, and because of that, efforts and energies are expended by a number of different organizations. There is really no co-ordination between them all and it is seen as a real problem. I wonder if the ministry is considering some way of trying to satisfy this concern.

1640

**Hon Ms Gigantes:** Yes, it is frustrating not only for the agencies involved but first and foremost for the people involved. This is one of the items that we raised deliberately in the housing policy framework in order to get people's responses. The more people who let us know from around the province that they think it is a good idea to have common waiting lists, the happier I am going to be and, I think, the ministry will be.

There has been reluctance in the past for agencies—some of them direct agencies of the provincial government; local housing authorities, for example, within the Ontario Housing Corp—to work with other agencies such as community-based co-ops and non-profits. I think the problem has been, essentially, on the part of different kinds of housing organizations to come up with the same kind of way of treating applicants. There have been different ways in which people have had their applications treated by non-profit organizations or co-ops or the local housing authorities of the Ontario Housing Corp.

In some communities there has been some degree of work on this. In Ottawa, for example, there has been some work over the last few years to try to make sure that there is co-ordination of the waiting list. There are still problems in making that a smooth operation. I think it is important and the ministry thinks it is important. That is why it was raised in the housing policy framework. I am really glad to hear there are people in Windsor who think it is important. We are also going to be looking forward to some very specific suggestions, particularly from the housing organizations involved, about how we can make this work. Where people have been is sort of halfway there in terms of co-ordinating the whole process of treating applications in different organizations. It is still by no means a perfect result in terms of the mechanisms.

**Mr Lessard:** The other interesting comment made within the report was with respect to the rent supplement program. That is not something I am really familiar with, and I do not know whether other members of the committee are. Maybe you could explain to me how that program operates.

**Hon Ms Gigantes:** I doubt I am the best person to explain it to you in detail. You will find a description of it in your estimates briefing book. If somebody will tell me what page, then we will be off to explore it. Who is going to help us with this one?

**Mr Casey:** My name is Tim Casey. I am the assistant deputy minister for housing operations. With me is Murray Wilson, the executive director for field operations. Mr Wilson will attempt to locate the page number in this thick book.

Essentially, the rent supplement program is a program whereby the ministry enters into contracts with private sector landlords to rent apartments in existing buildings. In effect, the ministry pays the full rent and the individual who is living in the rent-supplemented unit has his rent geared to his income. The end result is the ministry is paying net between what the tenant pays with rent geared to income and the full rent for that particular apartment.

The rent supplement program with the rent-supplemented units is actually administered by the local housing authorities under OHC. Did we find the page number?

**Hon Ms Gigantes:** Page 124.

**Mr Casey:** Page 125.

**Hon Ms Gigantes:** Page 124 too. I could add that the budget for this year, I believe, was raised over that of last year. Am I correct in that? Yes. Was that a new initiative addition? I believe it was.

**Mr M. Wilson:** You are referring to 1991-92?

**Hon Ms Gigantes:** Yes, 1991-92. Was that the \$12,527,000? I think that was a new initiative.

**Mr M. Wilson:** To the best of my knowledge I believe the minister of the day had certain funding options he could consider in meeting government anti-recession initiatives and one of those was the funding of the rent supplement program for 1991-92. If there was any increase, it was very, very marginal over the previous year. But again that money went to service anti-recession initiatives the government wanted.

**Hon Ms Gigantes:** Right, primarily directed to employment.

**Mr Lessard:** In Windsor there is a great deal of interest and support for non-profit and co-operative housing initiatives, and some of the people who were involved in preparing this report are involved in those initiatives as well. So I was somewhat surprised about their support for expanding the rent supplement program.

I would think that one of the reasons they were considering that was that there are a great number of vacancies in the private sector in Windsor right now. Rather than encouraging construction of co-operative or non-profit housing and leaving empty apartments around the city, it might be worth considering supporting the rent supplement program instead. What sort of balance is struck between those two areas is really a decision the minister has to make. Is there room for some regional variations in trying to balance those two initiatives?

**Hon Ms Gigantes:** I am sure there must be. In fact, you are right when you say it is a program which obviously is of most benefit in terms of the service for the dollar spent in communities where there is a healthy vacancy rate.

**Mr M. Wilson:** One of the requirements for us in the funding we provide is to determine, where possible, what is available for rent supplement purposes and in fact to exercise as much of that as we have a budget for. By the way, Mr Casey described our rent supplement operations as they relate to privately owned buildings and contracts with landlords.

A number of other programs are funded under the rent supplement ambit, like social housing programs that come out of, if you will, days of antiquity, though these buildings were built not that long ago really. They were built under social housing programs of the day that really provided for rent supplement arrangements, jointly funded between the federal and provincial governments. If you want to, you can certainly go into it, but it is a tremendous amount of detail to go into in terms of the different programs.

The important thing is, you are talking about a balance between where you can avail yourself of rent supplement opportunities in the community. The thing the minister is made cognizant of from staff is that in exercising rent supplement opportunities, our experience has been that, generally speaking, when vacancy rates are high, the private sector offers units for housing people of low income. When market conditions improve and vacancy rates tighten up, landlords—not all, but certainly some—tend to walk away from those opportunities and exercise the opportunity of finding people who are capable of paying for their own rent and not requiring rent geared to income. That is an experience our ministry has had over the years.

1650

**Mr Lessard:** Have there been any steps to deal with those types of experiences, like long-term leases or promises by landlords to ensure that a certain number of units, for example, are used for the program?

**Mr M. Wilson:** Yes, we have tried a number of different program solutions. Some of those have been long-term leases and, where landlords are prepared to provide those, we do exercise those. But generally speaking, for a variety of reasons, a three- to five-year term is what is entered into between a privately owned building and the Ministry of Housing.

The thing I emphasize here is that there are, as I mentioned to you, other arrangements which are longer term, 35-year arrangements. In the case of private sector units, we try to go for the longest term possible and that, generally speaking, is in the three- to five-year range, because the landlord wants to keep his or her options open as well.

**Mr O'Connor:** During the summer I was fortunate enough, or unfortunate enough, to travel some of the province on the standing committee on administration of justice hearings. While I was in London, as a matter of fact, I ran into a person who was a housing advocate for native issues.

Coming from a riding that has a native constituency—and I imagine there are quite a few of us who have native constituents within our ridings—the needs are great. As I was talking with this individual, he spelled out some of these great needs, some that needed to be fulfilled on the reservations and perhaps some that, because natives were not living there, needed to be met off the reservations.

The problem they had, of course, was funding, so in the spring of the year when initiatives were announced as part of the anti-recession package, there was a large component that was put forward for repair and rehabilitation of native people's housing, which I found very important, seeing that I have a native constituency within my riding.



Looking through the estimates, I see that the figure on page 154 was to the extent of \$6 million. The need is indeed great out there within our constituencies that have native peoples, and in some of the northern communities I am sure the extreme goes to the point where some of the housing perhaps is not even safe. I just wonder how the project is proceeding. Because this is part of the anti-recession capital project that I as a government member, of course, am very proud of, I just wonder how we are proceeding with that. Are the people accessing the funds that are needed? A general update, if you could, please.

**Mr M. Wilson:** There is an agreement that has been reached with respect to the distribution of these funds for on-reserve and off-reserve. There may be somebody here today who remembers the exact distribution; I have forgotten what it is. That was an agreement reached with the minister of the day, the native groups and, quite frankly, the Ontario Métis and Aboriginal Association, OMAA.

We have entered into delivery agreements with OMAA to deliver the portion that is off-reserve. The numbers are \$4 million for on-reserve and \$2 million for off-reserve, someone has just advised me.

Certain chiefs of bands representing the Chiefs of Ontario—I think that is the group they were representing—actually assumed responsibility for making the distribution decisions on-reserve with respect to that \$4 million. The take-up of that is supposed to be reported back to the Minister of Housing at an appropriate time. We are supposed to get quarterly reports, so we should have one due any time now, and certainly by March 31 the minister is to be advised as to how much of that has been taken up by the different native bands.

**Mr O'Connor:** Because that was one of the new initiatives, will that money still be available then? Does it have a sunset, as a lot of these moneys have, and is there any way of ensuring that this money is being appropriately distributed where it is needed?

**Hon Ms Gigantes:** The battle for money goes on. It is a never-ending battle. Certainly this is a program that deserves serious support. I think we still have a lot to learn about the best way of providing service on the new terms that this government has undertaken with aboriginal people. In particular, in dealing with the on-reserve aboriginal population, we have to learn a whole new methodology of developing programs together and making sure we are doing the right things from the government end. I know there will be many members of the government caucus and the cabinet who will be interested in seeing programs of this nature continue.

**The Chair:** Mr O'Connor, I appreciate your line of questioning, but I would like to move to Mr Johnson and then to Mr Wilson.

**Mrs Marland:** I think they are out of time.

**The Chair:** They are almost out of time. I would like to let Mr Johnson get his question in.

**Mr O'Connor:** I look forward to speaking to the minister on many more occasions around these issues. Thank you.

**Mr Johnson:** I want to ask the minister a question with regard to rent controls. We often hear opposition

members suggest that we should have some kind of shelter subsidy program, as opposed to rent controls. Rent controls are something that do not cost the government any money. Shelter subsidy programs would, I have no doubt. Of course, the opposition members also argue that we should reduce government spending.

**Ms Poole:** Mr Chair?

**The Chair:** I think the minister is going to correct the statement that rent controls do not cost the government anything, but if we let Mr Johnson get his statement on—

**Ms Poole:** This actually was a different point of order. I just ask that Mr Johnson clarify to which opposition party he is referring.

**Mr Johnson:** Okay, I will be more specific.

**Ms Poole:** I do not mind being branded with my own statements, but the Conservatives can make their own cases.

**Mr Johnson:** Okay. I do not know if I could identify the person singularly, but I think that the Progressive Conservative Party has mentioned this.

**Ms Poole:** The caucus.

**Mr Johnson:** My question around these comments that I have made, whether they are correct or not, is whether the ministry has done an analysis with regard to the cost of bringing a shelter subsidy program into place, whether this has been a comprehensive study and just what kinds of costs we would have to deal with.

**Hon Ms Gigantes:** To go back to the question of rent controls for the moment, there is no such thing as free rent controls, unfortunately. You will see by the allocations outlined here that such is the case.

In terms of the interest the ministry has had in the use of something akin to a rental subsidy, the item we just discussed before, in fact, is along the lines that have been suggested by members of the opposition in the past, certainly the Conservative opposition. Essentially what we are dealing with here is the question of providing moneys that fill the gap between what a tenant can pay and what a landlord is charging in rent. We have just had some of those programs described to us.

Again, they are useful in areas where the vacancy rate is a healthy one, because if we are providing people with money in a market where there is no vacancy, we really have not addressed the problem. We have addressed the affordability problem maybe, but we have not addressed the accessibility problem. So it is not an overall answer in a very tight rental market situation around the province.

Also, according to the estimates we have seen, it would be quite expensive. The most recent estimate that I have seen is one that was used in a joint study by the federation of co-ops of Ontario—have I got it right?

1700

**Mr Burns:** Co-operative Housing Association of Ontario.

**Hon Ms Gigantes:** They combined efforts with the association of non-profit housing organizations. Their estimate was that it would cost about \$1.2 billion to provide a full gamut of rent subsidies in Ontario.

**The Chair:** It should be on the record as well that Mr George Thomson, who was responsible for chairing the Social Assistance Review Committee, also addressed the issue. He is now a deputy minister of the government and is on record on this very sensitive issue. I also encourage the member to examine his very important work on this area.

**Ms Poole:** If I could ask the housing operations people to come back just momentarily, I have a supplementary on the rent supplement program. I was trying to get my two fingers in there and get a supplementary in at the time, but Mr O'Connor moved too quickly for me, so I have to bring you back. I was looking at pages 126 and 134 of the estimates book and it is quite difficult to figure out exactly where the rent supplement agreements with the private landlords are, as far as total numbers, because it appears that the programming ended in 1988-89 and then after that it was transferred to another program. Could you simplify this for me and tell me how many units you have today in Ontario where there are rent supplement agreements with a private sector landlord; the bottom line, give or take. All I need is a rough guesstimate.

**The Chair:** We do not encourage you to do that. We encourage you to give us the accurate numbers if you have them.

**Ms Poole:** They were looking very hesitant, Mr Chair.

**The Chair:** That is why I think they have the accurate numbers.

**Mr M. Wilson:** I can give a rough estimate, but the rent supplement program changes literally every day because you have units being deleted from the program and units being added to the program.

**Ms Poole:** Just roughly.

**Mr M. Wilson:** A ballpark figure?

**The Chair:** You could show what the high is and what the low is. I assure you that number is not hard to acquire. As a former chair of a housing authority, I used to look at them regularly.

**Mr M. Wilson:** You would then be aware, as a housing authority chairman, that the numbers change quite substantially.

**The Chair:** Precisely.

**Mr M. Wilson:** Especially if you are a large—

**The Chair:** Which is why we reconciled them on a monthly basis. So you can give us a high and a low and that would not be too complicated for this committee.

**Mr M. Wilson:** If you want a high and low, I suggest they would be between 8,000 and 12,000 units and the average would be about 10,000 units of rent supplement taken from private sector landlords throughout Ontario.

**Ms Poole:** This would be within 1991?

**Mr M. Wilson:** No. That is since they invented the program. Some of those I know go back to 1971 and I am sure there were some before that.

**Ms Poole:** Yes, but I am saying as of the present date that we would have an average of 10,000 units where there are existing agreements with private sector landlords.

**Mr M. Wilson:** That is right, but not necessarily taken during—I am sorry, I misunderstood.

**Ms Poole:** No, I just wanted to know right now that this is the number.

**Mr M. Wilson:** Yes, that is right.

**Ms Poole:** Has this basically been a stable figure the last few years? Has there been an increase in the last year?

**Mr M. Wilson:** You really have to get into some of the complications of the rent supplement program because it goes across a variety of programs. There is the index-like mortgage co-op program we provide rent supplement for. There is the community-sponsored housing program we provide rent supplement for. There is the Metropolitan Toronto Housing Authority that operates 15,700 units for senior citizens that are all funded through a rent supplement arrangement, 50-50 cost-shared between the federal government and ourselves.

There are a number of other arrangements and programs. For instance, there is a program we call the private assisted rental program whereby in Ontario we built 15 projects. The number count, just off the top of my head, would be in excess of 2,000 but I cannot remember the precise number. All of those would be 50-50 cost-shared, and certainly those would be privately owned units, together with the stuff we have taken from landlords in various marketplaces throughout the province.

With the federal government, up to 1986, the number of units taken from the private sector could either increase or decrease, and prior to 1986 the federal government had imposed on this program, through Canada Mortgage and Housing Corp, what was called a netting-out principle. So in fact, if you lost an agreement in a privately owned building with a landlord, you could not say, "We lost those 20 units; we are going to take 20 units from you," even though you were prepared to provide them at the same rent and everything else. In effect you lost 20 units from the program. During that time, with additions to the program and the deletions from the program, there were sort of marginal increases year over year.

Since 1986, the total number of units taken from private sector landlords remains relatively constant because we got rid of that in our negotiations with the federal government in 1985-86.

**Ms Poole:** Thank you, that has been quite helpful. It is a program that I have always felt has been underutilized and that I would like to see utilized to a much greater extent. Granted, it does not provide new housing; however it does provide very cost-effective housing to people who are in need of shelter subsidies, and certainly at a much more cost-efficient rate than building a new building through public housing.

Could the minister give us an idea of whether she favours an increase in these types of in situ allocations where tenants are subsidized in their existing buildings if the landlord has an agreement that could be signed with the government.

**Hon Ms Gigantes:** No, at this stage I could not give you an idea because I have not done enough of an examination of the program, nor enough of the examination I



feel I would like to do of alternative programs such as the ones you mentioned in terms of co-op and non-profit housing. I regret I am really not at a stage yet to be able to give you that.

**Ms Poole:** I appreciate your candour and if at some stage you do make a decision in this regard, I would be most interested in hearing your comments.

**Hon Ms Gigantes:** I would be delighted.

**Ms Poole:** As I say, I feel that both under our government and under yours it is underutilized and could be a very cost-effective way, in addition to building some new housing. This is a program we could better utilize.

I think the minister has been off the hook long enough, so we will go back to my original question about the capital reserve funds. Thank you for your assistance, by the way.

If I am not mistaken, I asked if the minister planned to try to incorporate some sort of capital reserve fund in Bill 121 as we go through the amendments in the coming months, or if she anticipated it would be a much more long-term project in that Bill 121 might be amended at a later date to incorporate that concept.

1710

**Hon Ms Gigantes:** Without suggesting that it would be by way of amendment to Bill 121, certainly it would be the longer-run effort that I would propose. As you know, Bill 121 did not include a principle of this nature and, as with the previous minister, I have suggested that what we should do is stick to the principles of Bill 121 and look for amendments that do not affect those principles and see if we can make the bill better.

**Ms Poole:** Basically you are saying that you would like to revisit the issue to see if there are other forms of capital reserve funds that have not been explored, or be able to look for other alternatives in the long-term process.

**Hon Ms Gigantes:** When I think about it, I think about it more specifically than as a capital reserve fund. I think of it as a building renewal fund. There are certainly buildings in the rental stock in Ontario, and principally buildings that were built between the late 1950s and the early 1970s, where we know, because of the technology that was used—they are high-rise, they have underground parking, they often have balconies and elevator systems which do not prove adequate for the design goals—there are major problems. They have not been addressed in many cases, in spite of the fact that the problems are clear.

Certainly there are many organizations—including the city of Toronto, a blue-ribbon report to the mayor of Ottawa some years back—that have indicated we need to take this whole matter quite seriously as a social project and it is one that I intend to put work into.

**Ms Poole:** I guess perhaps that leads to the question as to why there has not been a reserve fund created under Bill 121 for new construction.

I certainly comprehend the difficulties in trying to put one in place in existing buildings that are 20, 30, 40 or 50 years old. It is very difficult to try to build it up to an extent that would be necessary in this older stock. But it would seem to me there would be quite a good case made

that we could at least do it with new construction, build in a capital reserve fund so that at the point 15 years down the line, when many of these things do need replacing, there is an existing fund available and the landlord should not have to go to rent review.

Perhaps the minister could comment as to why it was not envisaged that new construction could have this kind of fund.

**Hon Ms Gigantes:** It is an interesting concept. I do not know if you are suggesting that we should apply the rent control system to new construction. Is that what you are suggesting?

**Ms Poole:** No, actually I am not. I am saying that under Bill 121 right now, as probably most people in the room are aware, there is a five-year exemption from rent control for new construction. What I am asking is, starting from day one, once they are in the ground and occupied, why those buildings could not be required to have a capital reserve fund set up where they would put in a certain percentage of the rents every year and at some later date down the road the landlord could utilize that.

**Hon Ms Gigantes:** That is certainly an interesting suggestion. It is one I will consider.

As you are aware, most of the units that end up being put on the rental market these days are actually produced under a condominium framework. In those situations, there are capital reserves associated with the condominium corporation. In our non-profits and co-ops there are also reserves. Your suggestion is an interesting one. I will certainly consider it.

**Ms Poole:** Thank you. Just before we move to another topic, I know this is a fairly meaningless thing in light of the seriousness of the Housing estimates, but people might like to know. I have been handed an anonymous message that the Blue Jays are still leading three to one.

**Hon Ms Gigantes:** Yea. I did not know the score at all. That is great.

**Ms Poole:** The minister is really enmeshed in Housing estimates.

Going to the Residential Rental Standards Board, the standards board has enjoyed quite a strong level of support from both tenants and landlords.

**Hon Ms Gigantes:** Yes, I think that is fair to say.

**Ms Poole:** In fact if there was one criticism of the standards board, it is that the jurisdiction should have been expanded to make it more time effective. The way the standards board is set up right now—I guess I should call it the Residential Rental Standards Board, but for purposes of today I will call it the standards board—the one criticism has been the length of time it would take, once there has been non-compliance with a work order that has been registered with the board, for the board to actually issue a notice to the tenants that there would be no rent increase.

The major reason for this is that the standards board had to go through the rent review system in order to get this order. I am very curious why, instead of strengthening the board and making it a very effective mechanism for trying to solve the problem of outstanding work orders and the maintaining of standards in our buildings, Bill 121

chose to disband it totally and put these issues into rent review, where they are subject to backlog and all the other problems that the rent review system has had over the last number of years.

**Hon Ms Gigantes:** I think the intent here is actually to make the system more timely, and I am very hopeful that is what Bill 121 will do. If you have suggestions about how that can be improved in Bill 121, I would be delighted to receive them.

**Ms Poole:** I guess my first suggestion would be to reinstate the standards board and make it more effective. Again, as we went through our hearings, virtually every landlord and tenant group that I talked to about it was unanimous. They liked the system and they would like it to continue, but improve it. I think if you want to make these issues of maintenance and standards more timely, we are basically throwing the fat into the fire to give it to rent review to do, because in my estimation that is going to do nothing but delay the process. If we get into a situation where we have the Bill 4 applications, for instance, the outstanding balance of capital applications that have been frozen under Bill 4, if we have them going into the new system at the same time that we are trying to deal with an increasing number of tenant applications, I am afraid that standards and maintenance and compliance with work orders will get fairly short shrift because the ministry's priorities will be to clear the backlog, as opposed to dealing with the standards issue. I would like to see the standards board reinstated and not have the standards board have to go through rent review to make a decision, but give the standards board the power to make those decisions itself.

**Hon Ms Gigantes:** It is not a question of reinstating. The standards board function will be integrated within the rent control system. I would very much appreciate if we could have Anne Beaumont speak to this because I think what we are looking at is a proposal for a much more effective system.

**Ms Beaumont:** My name is Anne Beaumont. I am the assistant deputy minister for housing policy. With me is Bob Glass, who is the executive director of rent review programs. Bob deals with the operational side of rent review.

If we look at the standards board as it is currently constituted and as it has been constituted under the existing legislation, it essentially performs two functions. One is the function that Ms Poole is talking about, which is that it receives work orders from those municipalities that choose to send them to the board and it reviews those for substantial infraction of a substantial standard.

**Ms Poole:** Subsisting—I think that is in there as well.

**Ms Beaumont:** It reviews those and then may send those on to Bob's people in the programs area for a further review. This is an elongated process.

The other function the standards board performs is that it is a forum where landlord and tenant representatives, and representatives of other people with interests in this process, can sit around the table and discuss issues.

In the green paper, as you will probably recall, we made two suggestions. One was to streamline the process of actually taking action on serious maintenance problems

to get action on those work orders faster, and the other was to maintain that forum for discussion. There was no support in the discussions for the retention of an advisory committee function which the standards board had been playing, which was a disappointment to the ministry. What we have proposed in Bill 121 are ways to move work orders through the system more speedily.

Exactly the same kind of review as the standards board staff currently undertake will be undertaken by the staff in the programs area. Perhaps Bob would comment on how he plans to handle that so things do not get bogged down with other applications.

1720

**Mr Glass:** Essentially the board's headquarters function consists of 16 staff members, most of them engaged in work of the nature of public relations, working with municipalities to develop effective standards and so on. The field work, the inspections at the local level, are done by contract employees.

We would see the municipal work orders coming directly to our local offices and a penalty being imposed immediately after, with 30 days after the time lines have expired on the municipal work order for compliance. We would see it very much as almost a clerical function in terms of the order coming to us, the order going out and the penalty being rescinded once a reinspection is done by the municipality. So we think it would be a much simpler system and a much more direct system. We would expect the headquarters' work with the board, working with municipalities to develop more efficient and effective standards, to continue.

**Ms Poole:** I feel like I am batting my head against a brick wall. I just fail to understand how you would try to expedite any system by sending things through rent review. Look at the history of rent review and, I predict, the history of rent review under this government. You will find it is not going to expedite the matter; it is going to be throwing the fat into the fire. The way the standards board is composed, there are tenant representatives and there are landlord representatives. This is something I do not see in any rent review system you have described.

I do not see any type of recognition of extenuating circumstances. If I am not mistaken, section 15 of the Residential Rent Regulation Act listed some extenuating circumstances where the standards board might decide not to act. For instance, seasonal factors: If at the time the work order was put on it is the middle of winter, it is exterior wall work which obviously cannot be done until spring, until things thaw out, which sometimes tends to take a long time in this country; instances where there has been a construction strike, so the underground parking garage simply cannot proceed—again, underground parking is a prime example; instances where the landlord has gone bankrupt; instances where the Rental Housing Protection Act approvals would have to be obtained in order to eliminate the problem. There are all sorts of extenuating circumstances.

I plead no case for landlords who do not maintain their property and want to have a slum—or do not care if they have a slum, is probably a better way to put it. I want to solve the problem of getting at those people. But legitimate landlords, whom I respect very much, who run good buildings in



my riding and in other parts of the city, have told me they are very worried by this. The fact that you have taken out any type of ability for a landlord to appeal under extenuating circumstances is going to really create hardship for good landlords trying to do a decent job.

**The Chair:** If I could have a brief response and then the minister would like to have the final word on that point. Then I wish to move to Mrs Marland.

**Mr Glass:** Perhaps I can clarify the organizational arrangements at the local office level. We do not see the municipal work orders following the hearings and administrative review route that our whole-building reviews and tenant applications would follow. We see this as a specialized operation that deals exclusively with this particular type of penalty.

**Ms Beaumont:** To come back to the other issues Ms Poole was raising, the involvement of the tenant and the landlord groups—that was the function I was talking about that was really the advisory function of the board. Actually dealing with the work orders was done quite separately, though, by the staff function. As we look at that, coming to your issue of extenuating circumstances, under Bill 121 it is anticipated that the 30-day time period, before there is an actual rent penalty where a work order has not been acted on, would only come into place after the whole process at the municipal level.

The municipal building inspector would issue a work order which may have a series of items on it which would have varying time periods for action to be taken on. It may say, "You've got to fix this one thing within 10 days, this other thing within three months," because there is a recognition it is going to take longer. You get a work order of that kind.

Let me say this: These two items, 10 days, three months—your three-month is a big item. Maybe there is a construction strike and you cannot get things done. The normal practice would be that the landlord would then ask for an extension on the work order, which could be granted by the municipal building inspector, or may actually appeal the work order or contest it in some other ways and get the building inspector back into the building. So there is a whole process that takes place at the municipal level before it would come into the provincial purview. It would only come into the hands of Bob and his people when the time for all municipal action and municipal appeals has expired. So the landlord at that time would have deliberately done nothing. Then Bob takes over. That is the intention of the act.

**Ms Poole:** I appreciate that time is of the essence, but even if it is docked from the committee—

**The Chair:** It is not of the essence, it is ordered up. But make it very brief, because the minister wants to comment.

**Ms Poole:** I just have to comment that a number of the people I have talked to who have expressed concern about this system are municipal inspectors from the city of Toronto. The city of Toronto is probably more diligent than many municipalities in trying to enforce some of these work orders.

**The Chair:** Indeed not all municipalities have comprehensive building maintenance bylaws, but I do know

the minister wants to comment, and then I must move to Mrs Marland.

**Hon Ms Gigantes:** I was simply going to make the comment that Anne Beaumont made, which is to outline the process. I think we have to make up our minds on this item whether we want to have some kind of effective maintenance standards or whether we just want to throw up our hands. The process that has gone on, even with the Residential Rental Standards Board, has not been one that has made people satisfied that maintenance in this province in rental buildings is adequate. Bill 121 is an attempt to improve that situation. There are difficulties still, as the Chair points out, in terms of the municipal role in this whole business. It is something we are going to have to work on.

**Mrs Marland:** To get back briefly to the North Pickering Development Corp, when are you going to appoint the chairperson?

**Hon Ms Gigantes:** I do not know. That will depend very much on what kind of report we get out of the consultation process. I am going to take this one step at a time.

**Mrs Marland:** That is not what it says here. It says the chairperson should be appointed and the corporation should be partially staffed, its administrative and human resource procedures should be established and it should have taken over most of the activities of the Seaton interim planning team. That is the program delivery listed in your estimates.

**Hon Ms Gigantes:** Yes, but as we explained, there has been a revision to that projected work plan. It involves now a stage of full consultation with a wide variety of interested parties in that area.

**Mrs Marland:** So you are going to administer \$3 million without a chairperson.

**Hon Ms Gigantes:** There will not be any money spent until there is a recognized line of accountability for that money. I perhaps should get some better-informed advice from Dino Chiesa.

**Mrs Marland:** How much are you going to pay the chairperson?

1730

**Hon Ms Gigantes:** As we are not in the position of advertising for a person, I have given that no thought, nor have I received any recommendation on it from staff.

**Mrs Marland:** Could the staff tell me what they are going to recommend that the chairperson be paid?

**Mr Chiesa:** We have not made that decision yet or looked at the remuneration.

**Mrs Marland:** They have not decided anything.

**Mr Chiesa:** We have. We have decided to consult on the process of how to develop or if we should develop those lands. We have made some ballpark provisions as to what the budget requirements might be should the North Pickering Development Corp be activated some time in 1992. What a chairperson actually will be paid has not yet been determined.

**Mrs Marland:** So we are saying we have \$3 million going in loans and advances to this corporation that does not even have a head.

**Hon Ms Gigantes:** No.

**Mr Chiesa:** No. To explain, \$3 million would only be expended should a decision be made to activate the North Pickering Development Corp and actually appoint a chairperson, get a board active and make it functional. Should the government not decide to go that route, then of course those moneys would not be expended.

**Hon Ms Gigantes:** We are in a pre-operation phase. We are not going to spend money until we are in an operation phase. We will be sure to describe that step if we are ready to take it.

**Mr Chiesa:** Just as a point of clarification, there is a very small interim group now looking at it, which really comprises two people full-time.

**Mrs Marland:** I think it is a pretty heady game. From your answer, it is very hard to understand from the outside looking in why there is even \$3 million still left there. It is like a ship going without a sail or a rudder, from my own impressions.

**Hon Ms Gigantes:** It may be. We thought it fiscally prudent to provide within the budget line for the possibility that we might be at an operation stage by the end of fiscal 1991-92. If we are not by the end of fiscal 1991-92, the Treasurer will be pleased, and presumably you will be. If we are in shape to make a proposal for how to move the community development forward, we will certainly look to you for advice about that process.

**Mrs Marland:** Mr Johnson was making the comment about rent controls not costing the government money, which you corrected. On page 14, I see housing and rent review operations have an increase of 44%. I also see that housing and rent review operations have almost doubled since 1990. Frankly, I would like to know the reason for this. A 44% increase in one year in the operations for housing and rent review certainly tells you what rent controls are costing. If you are happy to have people living in apartments for the rest of their lives and not help them to achieve first-time home ownership with any incentives, you have to explain why there is a 44% increase there.

**Hon Ms Gigantes:** I think Mrs Marland is looking at page 14, about three items down on our columns where it says "Housing and Rent Review Operations." That includes not only rent review but housing operations accounts. If we are to look at the rent review section, perhaps somebody could quickly indicate—

**Mr O'Connor:** Page 103.

**Mrs Marland:** You only have to go down two more lines and you have the rent review boards, with a 15% decrease in the past year.

**Hon Ms Gigantes:** If I understand what you are interested in taking a look at, we should be looking at page 103.

**Ms Beaumont:** I think it is page 107.

**Hon Ms Gigantes:** Page 107. Thank you, Anne. That gets us a better understanding of the cost. You will recognize

that there was a period—and I cannot quite identify the date lines, because I was in the Legislature as a representative for some of it but not for all of it—in which there was an enormous backlog in dealing with applications for rent review. I believe it was during the early period of the new government that an extra effort was made to clear that backlog. What we are looking at will certainly reflect some of that. Is there somebody who would like to help us understand these accounts?

**Ms Beaumont:** I also was not in the ministry at that time, but let me try to recall what happened. In the early years of the development of the current rent review legislation, there was indeed a backlog.

**Mrs Marland:** Excuse me, Anne, for interrupting just a second. The focus is on that total line with the 44% increase. If it includes the rent review, fine, I would like your explanation. But that 44% increase on page 14 is very significant. If you want to explain the rent review first, that is fine.

**Ms Beaumont:** Why do I not explain the rent review, and Tim will explain the whole line, because the whole line is his entire budget, as the minister indicated.

**Mrs Marland:** Okay.

**Ms Beaumont:** The substantial increases in the budget allocation for rent review under the current legislation—because that legislation was very substantially different from the past. The offices undertook as well major public information exercises with regard to landlord and tenant, where they get, I believe, currently over 650,000 phone calls a year relating to landlord and tenant legislation. So a combination of the new activities in terms of landlord and tenant education combined with increased workload because of the extension of rent review to new classes of tenancies—there was an increase. But if you look at the figures from the 1991 estimates to the 1991-92 estimates, there was in fact a decrease in the budget for rent review operations for the first time since 1986, I think.

**Mrs Marland:** Yes, I just said that. But I also said yesterday that I thought that was as a result of Bill 4.

**Ms Beaumont:** It was partly as a result of Bill 4, but it was also partly a result of clearing the backlog. There really has been a major reduction in that backlog. That is the major factor in that reduction in budget.

**Hon Ms Gigantes:** Let us not suggest the backlog is cleared. It is just a lot more manageable than it was.

**Mrs Marland:** Well, I am bringing a letter in tomorrow to deal with a building in my riding that has been waiting for a hearing to be rescheduled. If the staff want to prepare for that question, I guess it will be on Tuesday. It is a hearing, I think, on 2333 Truscott Road. It is something to do with a Mrs Pappas, who was on that review board.

The tenants in that building have been waiting over a year for a response and for a continuation of the hearing. I just throw that out because I will bring you the letter tomorrow.

**Ms Beaumont:** When I commented on the reduction in the backlog, as we look at the workload in the rent review area, the current system has two phases. There has been a considerable backlog at rent review services, at the



administrative review within the ministry. That is a budget that is dealt with on page 107. There is in the current system an optional further step, which is to the hearings board. That is a separate budget.

**Mrs Marland:** Right. It is the hearings board that has the reduction, is it not?

**Hon Ms Gigantes:** They both have a reduction.

**Mrs Marland:** I also see on page 107 that you have a 216% increase in grants for landlord-tenant education projects.

**Ms Beaumont:** Bob, can you comment on that?

1740

**Mrs Marland:** Just while you are getting there, it is the non-profit groups and organizations that are eligible to receive financial assistance to help fund landlord and tenant education projects. That is where you have a 216% increase.

**Mr Glass:** That is correct; from \$205,000 to \$300,000, to reflect what we felt would be increased educational needs as a result of new programs, of the new rent control legislation and the Bill 4 legislation being brought forward.

**Mrs Marland:** I am just making the point because it emphasizes what this legislation costs. I am not emphasizing it to you, I am emphasizing it to the public. You know what it costs.

**Ms Beaumont:** I think one of the concerns the government had in developing new legislation was to look for ways to simplify the current system in order to reduce the potential for the kind of backlogs you are referring to there. One of those ways was to reduce it to a one-level process rather than the dual process of an administrative review followed potentially by a hearing.

**Hon Ms Gigantes:** We also hope Bill 121 will lead to a more understandable system of rent control, though I think we have to acknowledge that in the period in which we will still be dealing with appeals based on the existing legislation, Bill 151, plus Bill 4 appeals which will come in after the proclamation of Bill 121, we are going to have a period in which helping both landlords and tenants figure out what is happening is going to be tricky. Our educational component will probably need to remain up for a while.

**The Chair:** While Mrs Marland is finding her place perhaps I could ask a quick question on the rent registry. Is that included in that line item, and is the rent registry operational at this point?

**Mr Glass:** The rent registry is included in those budget estimates. The rent registry is operational in the sense that we have information on 695,000 units across the province out of a total of about 1.1 million units in the province. We are now working on a program that will begin to bring the other rent information in to us.

**The Chair:** That still does not tell me if it is operational. Is the public accessing that information at this point?

**Mr Glass:** Yes, they are.

**Ms Beaumont:** There is information on page 104. One of the lines in there indicates the number of inquiries on the system.

**The Chair:** I am sorry, Mrs Marland. Please proceed.

**Mrs Marland:** That is all right. I have so many questions to ask.

Under housing field operations, I notice on page 65 we have a 71% increase there. Not all the units under the Homes Now program have come on stream and only 7,000 are actually completed and ready for occupancy. The term "delivery" is misleading.

Where does Project 3000 currently stand? How much has been spent to this point on this initiative and what are the reasons for the reduction?

**Hon Ms Gigantes:** Which reduction is that?

**Mrs Marland:** Project 3000.

**Hon Ms Gigantes:** Perhaps our experts would like to speak to it. My understanding is that Project 3000 has reached full subscription.

**Mr M. Wilson:** Certainly in terms of Project 3000, it is fully subscribed. Any offsets that would be planned would be obtained from planned reduction from Assured Housing for Ontario Phase 2 and Project 3000 initiatives. Speaking about Project 3000, there would be little, if any, saving from that, but Project 3000 was part of assured housing 2.

I guess the reference there may be confusing. If it is, the reason is that it was part of that. There were a series of programs as part of the assured housing 2 strategy—to name a few, convert-to-rent, the low-rise rehabilitation program, some of the disabled programs, and the Ontario home renewal program I think also received an increase in funding during that period of time. Any saving we would see would be obtained from the long-term administration of those, I suppose.

**The Chair:** Very briefly. We are in 15-minute segments again.

**Mrs Marland:** That is interesting. Under long-term administration, I see that is grouped under services.

**Hon Ms Gigantes:** Could somebody help me and tell me the page number we are on?

**Mrs Marland:** Page 76. Services has a 179% increase and long-term administration is grouped under those services, I understand. What I would like to know is exactly how much is being spent on long-term administration of non-profit housing projects.

**Mr M. Wilson:** We do not know the exact number. We will get back to you through the minister with the actual number, if that is satisfactory.

**Mrs Marland:** Are you talking about the actual dollars? That is what I would like. When you say "the actual number," Murray, are you saying the dollars?

**Mr M. Wilson:** Yes, the dollars. I just want to be very clear. You are saying the long-term administration of the non-profit housing initiatives and you are referring to the services line. The only thing I would say off the top of my head is that in terms of the long-term administration of the non-profit program, as you well know from your own experience, there are the community-based delivery groups—municipal non-profits, private non-profits and co-ops—which have an administration charge built in related to the management of the project itself.

There is a ministry administration responsibility that relates to the minister having her estimates approved, and therefore we have to satisfy ourselves that those are legitimate expenditures. If you look at the salaries and wages line, some of the increases in the salaries and wages line would be attributed to long-term administration costs of the non-profit program.

**Mrs Marland:** The figure I would like is exactly how much is being spent on long-term administration of non-profit housing projects.

**Mr M. Wilson:** Exclusive of what is—

**Mrs Marland:** What is locally administered?

**Mr M. Wilson:** Yes.

**Mrs Marland:** Is not what is locally administered built into the cost factor of what those rents have to be to carry that project?

**Mr M. Wilson:** Those numbers are individual budgets and what we get is their net subsidy requirements. We do not go through a line-by-line item on what, for instance, Peel Non-profit Housing Corp would charge in terms of administering its municipal non-profit housing program. We are more interested in what the subsidy costs are for Peel Non-profit. We can certainly give you our number.

**Mrs Marland:** I want to know what it costs the Ontario government for that long-term administration.

**Mr M. Wilson:** Okay.

**Mr G. Wilson:** My question relates to the frustration that surrounds the provision of affordable housing. I know probably all of us, as MPPs, have groups in our ridings which are continually coming to us to find out the status of their request or their project. Even when they get an indication that they have a go-ahead, they still have to go through various things in the community to get to the point of a building permit. I was wondering what the government is doing to help these groups in their quest for the building permit in the community.

**Hon Ms Gigantes:** Could I suggest the deputy would be delighted to comment.

**The Chair:** That is a question he would like to handle.  
1750

**Mr Burns:** Yes, that is right. I can just summarize to make sure I directly address your comment. First, there are questions that arise when people have organized and would like to build a non-profit or co-operative before they get a commitment from the provincial government, questions about what is going on and how to understand it. I think that is common in the system. There are a lot of people who would like to build.

We have an internal review system that assesses all the applications against a province-wide set of standards. Unfortunately, it means that for a period of time between an application and knowing, you are going to be uncertain about the status of it. I am sure you have discovered, as a result of making inquiries, that you do not get an answer other than, "It's being assessed against the standards." What we have to do eventually is simplify and make that process work a little faster. The reason I think it has not is

this year we are dealing with more applications and more decisions about groups and more commitments than at any point in the history of the province. That is a strain on the system itself.

Once a group has some support and commitment but is struggling with the local planning process and perhaps also with the decision-making process at the ministry, there are some specific sources of help. First, there is a branch in the ministry called the housing advocacy branch. One of its jobs is to help people who are stuck in a problem of community understanding of what the proposal is and to get the local political community and the civil service to understand the case and perhaps help all the way up to a municipal board hearing. I have forgotten the exact number, but it is a considerable number of municipal board hearings, over 100, where the ministry has assisted the non-profit or co-operative group in getting its case organized and put in its best way to the board.

**Hon Ms Gigantes:** With a good success rate.

**Mr Burns:** With a good success rate.

Second, the ministry has provided quite a lot of support to the Ontario Non-Profit Housing Association and to the other key advocacy groups in the sector to themselves help the sector develop and work on its own problems. ONPHA has been active certainly in the larger communities in the province helping coach people, train them, train boards, including boards of organizations which are just going through the planning process. If you have local groups which have a problem, in addition to the help they could get from the advocacy branch, they should look to the organizations whose mandate and function is to support the sector at large.

Third, for a lot of the problems, they can get direct help from the project co-ordinator they are dealing with in housing field operations, the person who is handling their application and looking at the elements of it. In a lot of cases we are talking about voluntary groups, community groups. They are learning how to do this as they are going through the process. A significant amount of what happens with a program co-ordinator and an applicant is education and teaching. They should certainly look for that part of our organization to help them as well.

Is it easy? No. I have been in this business myself. I have had applications take 24 months and still not get dealt with easily at the end of it. It requires a fourth ingredient and that is an absolute determination on the part of the group to hang in there for a long period of time. I think anything you can do to remind people and encourage them to hang in—that this is not easy but will work in the end.

**Mr G. Wilson:** Thanks very much for that answer, especially dividing it into two parts, the before and after, as it were.

Even the formation of the group—I have talked to groups that have said they did not know how they stuck in so long. It came as a surprise to find out the determination that they would have to have, and the perseverance. Perhaps we do not want to educate them to that point of view; it might cut down on the number of groups.



I was wondering whether you could suggest ways that this could be done. For instance, should there be more of a proactive approach by the ministry in recruiting groups? Would that help in perhaps establishing the environment where it was easier to find places where affordable housing could be put up, for instance, or even more support in the community as these issues were discussed?

**Mr Burns:** I think three years ago the ministry and the active groups in the sector quite vigorously encouraged community organizations to consider being active in housing and you now see in most communities church groups and residents' groups and advocacy groups and community service organizations active in the housing world. In fact, if we have a problem at the moment it is that there are more of those organizations that would like to be active in housing than we can really cope with. That is not to say it is not important that they continue to consider doing that; they should.

The second part of your comment, though, I think maybe does need a bit more work and perhaps not just by the ministry, but perhaps by the organizations in the field. As groups begin to look at housing, perhaps there should be a straight-up workshop or training on organizing the very early steps on a non-profit housing company and a little less straight amateur activity. I do not think we need to drum up any more. As you know from what you asked before, there are more people who want to do this than we have money to fund right now.

**Mr G. Wilson:** I guess that turns into the political question of whether there is the will to put up the housing. I wonder whether the minister might want to respond to this as far as the environment she has found for the support for housing since she has become minister is concerned. For instance, some of the questions here almost suggest that government should not be involved in both the aspect of putting up new housing, or assisting housing, as well as the rent control aspects of it. I would say probably all NDP members see housing as a right. I am wondering whether even you would see that as a problem in the community at large, establishing it as a right. Second, how can we come together in communities to make sure there is a provision for housing, whether that is rented or socially assisted in the form of co-ops and non-profit housing?

**Hon Ms Gigantes:** I wish I thought there was a simple answer. I think the degree of support for assisted housing will vary from municipality to municipality and from block to block within a municipality. The experience of groups has ranged all over the experience of possibilities.

Overall, people in Ontario have a very strong sense that we need to be providing decent housing people can afford and that provision of non-profit housing is a good way to be doing that. It does not mean, in my mind, there is not a lot that we could and should be thinking about in terms of perhaps reviewing our programs, tailoring the programs, bringing in some creative ideas about how to get them up and going. I am looking forward to that kind of work over the next few months and years, with any luck.

On the whole, people have a strong conviction that decent housing is an important contribution to health and

to the social setting we have generally, so I feel fairly confident that there is a large measure of public support for what we are doing, particularly right now in a period when employment is a large issue. We are creating jobs in the residential construction sector now that are vital. Overall, this particular government's efforts to move right now in the creation of affordable housing has a large measure of public support.

**Mr G. Wilson:** It may be a bit backhanded, but has any other system worked any better? We are in this position historically and, looking back, I wonder whether other methods or arrangements have worked any better than what we are doing. I suggest they probably worked worse, in the amount of housing, especially for seniors, for instance, and the development. I know in my riding that the progression from what we considered adequate a few years ago to what is available now shows a marked improvement, and I think that is another aspect. By doing it as a community, we can provide a lot higher standards and find the support to meet those standards.

**Hon Ms Gigantes:** I think you are right, and I also think the problem we face as a society and within our urban centres in some ways changes and grows more intense as time goes by. The fact of growth in our urban centres over the last few years has put a lot of pressure on land prices and housing prices and has increased affordability and accessibility problems. So we are moving to a new level of magnitude in terms of what we have to be ready to undertake for solutions and motions that are going to help.

**The Chair:** If I may, I do not believe, Mr Wilson, you meant to imply that non-profit housing is built to a higher standard than the private sector in this province. I am sure the minister, because time expired, did not have an opportunity to clarify that all homes are built to a standard because of the building code in this province. This was understood, I suspect.

**Mr G. Wilson:** Actually, I was trying to evaluate the range of housing that is available. It has always struck me as surprising that there is a concept of substandard—

**The Chair:** Well, then, I would encourage you to ask the ministry for numbers on housing starts. You will be quite impressed by those statistics when you see that the public sector number of units constructed in rental, for example, has overtaken private sector construction, and what year that occurred.

**Mr G. Wilson:** Are you asking questions or are you the Chair here?

**The Chair:** No, I am encouraging you to seek that information and put it in the form of a question.

**Mr G. Wilson:** I encourage you to sit among us when it is done.

**The Chair:** At this point, I would like to recognize that it is 6 o'clock. We will adjourn until October 15 and reconvene at 3:30 on that date. We have two hours and 50 minutes to complete the estimates for the Ministry of Housing. The committee stands adjourned.

The committee adjourned at 1802.

## ERRATUM

No.	Page	Column	Line	Should read:
E-14	E-433	2	16	<b>Mr Armstrong:</b> Mr Wood corrects me. The proportionate increase in transportation and communication in ministry administration was far less than in the other operating areas; that is to



## CONTENTS

Wednesday 9 October 1991

Ministry of Housing .....	E-481
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### STANDING COMMITTEE ON ESTIMATES

**Chair:** Jackson, Cameron (Burlington South PC)

**Vice-Chair:** Marland, Margaret (Mississauga South PC)

Carr, Gary (Oakville South PC)

Daigeler, Hans (Nepean L)

Farnan, Mike (Cambridge NDP)

Johnson, Paul R. (Prince Edward-Lennox-South Hastings NDP)

Lessard, Wayne (Windsor-Walkerville NDP)

McGuinty, Dalton (Ottawa South L)

McLeod, Lyn (Fort William L)

O'Connor, Larry (Durham-York NDP)

Perruzza, Anthony (Downsview NDP)

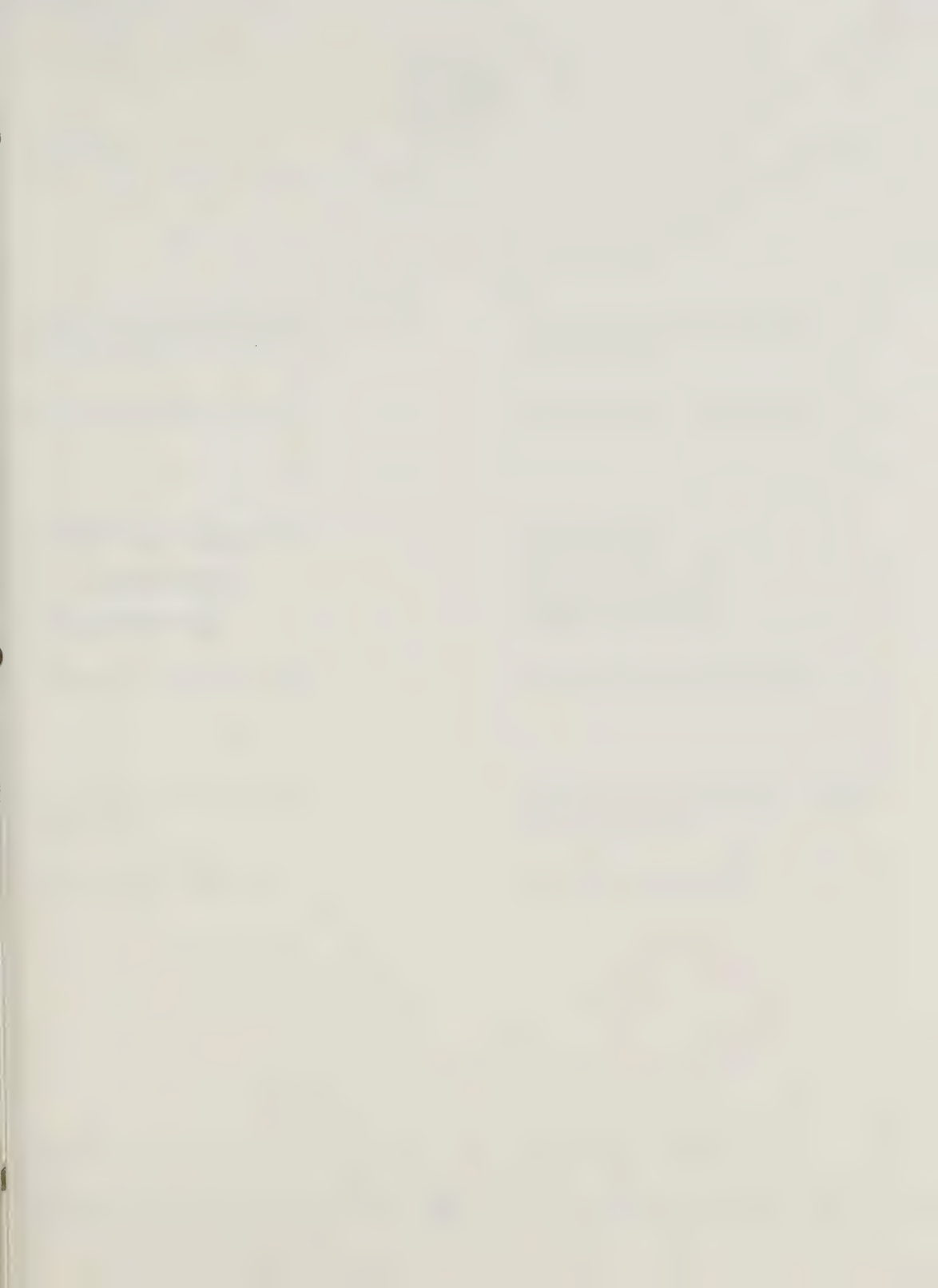
Wilson, Gary (Kingston and The Islands NDP)

**Substitution:** Poole, Dianne (Eglinton L) for Mrs McLeod

**Clerk:** Carrozza, Franco













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**Official Report  
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(Hansard)**

Tuesday 15 October 1991

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(Hansard)**

Le mardi 15 octobre 1991

**Standing committee on  
estimates**

Ministry of Housing

**Comité permanent des budgets  
des dépenses**

Ministère du Logement



Chair: Cameron Jackson  
Clerk: Franco Carrozza

Président : Cameron Jackson  
Greffier : Franco Carrozza

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## Table of Contents

Table of Contents for proceedings reported in this issue appears at the back, together with a list of committee members and other members taking part.

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## Table des matières

La table des matières des séances rapportées dans ce numéro se trouve à l'arrière de ce fascicule, ainsi qu'une liste des membres du comité et des autres députés ayant participé.

Il existe un index cumulatif des numéros précédents. Les renseignements qu'il contient sont à votre disposition par téléphone auprès des employés de l'index du Journal des débats au (416) 325-7400.

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON ESTIMATES

Tuesday 15 October 1991

The committee met at 1607 in committee room 2.

### MINISTRY OF HOUSING

**The Chair:** We are reconvening to complete the estimates of the Ministry of Housing. When we last met we had approximately two hours and 50 minutes before completion. We have agreed to allow the opposition parties to participate in the rotation directly with the minister. I would like to begin with Ms Poole.

**Ms Poole:** I think it is probably appropriate if we pick up where we left off last week.

**Mrs Marland:** Give us 20 minutes.

**Ms Poole:** Sure. The Conservative critic has just suggested, since we will just have the opposition parties rotating, maybe 20 minutes, if that is all right with you.

**The Chair:** That is fine; 20 minutes is just terrific. Proceed.

**Ms Poole:** I think maybe it is appropriate that we pick up where we left off last week when we were talking about some of the aspects of the rent review legislation. One of the items of concern to both tenants and landlords in the legislation was the fact that appeals were extremely limited under Bill 121. Only if there is an appeal of law, not even on the facts, can one appeal a decision of the rent review administrator or the Rent Review Hearings Board.

I wonder if perhaps the minister could comment on why the ministry decided to abolish an arm's-length independent appeal board and, if you had reasons for doing so, why it was not replaced with something else that you might feel was more suited to the purpose but still accomplished the goal of allowing the rights of appeal to tenants and landlords.

**Hon Ms Gigantes:** As the Liberal critic will be aware, one of the goals in this legislation was to try to make the legislation as simple, as clear and as understandable a process for people to follow as it could be. That was part of the reason behind the initial decision to try to move to a more straightforward and definitive kind of decision-making process. Certainly the ministry and I have noted the comments that were made by both landlords and tenants and we will take that under advisement in considering amendments to the legislation.

**Ms Poole:** I do not quite agree that by removing the appeal board it really contributed to a straightforward, clear process. In fact, this legislation, Bill 121, has actually only one clause fewer than the much-maligned Residential Rent Regulation Act, which was said to be very complex and convoluted and very long and extensive. When all your hatchet jobs and your cutting is through, we have a piece of legislation that is of the same length and in many ways is as complex, if not more complex. I am not sure

where I see that the reasoning of eliminating the appeals board is really helping the process.

**Hon Ms Gigantes:** What we did was produce a better bill with the same number of clauses.

**Ms Poole:** Perhaps the minister will allow me to disagree with her on that particular one. I am not sure we see eye to eye. Has the minister investigated some other alternatives for appeal?

**Hon Ms Gigantes:** Yes, we looked at the alternatives. We have taken seriously the comments from the various groups, both landlord and tenant. It is something we are considering very seriously as we look at the amendments.

**Ms Poole:** Could the minister perhaps elaborate on the types of things she has been looking for in her quest for a solution to the appeal dilemma?

**Hon Ms Gigantes:** In general terms, something that is still straightforward, simple, clear to people, but also permits some kind of appeal process. Those would be the general guidelines I could define.

**Ms Poole:** Would the minister consider that the phrases "arm's length" and "independent" are integral and crucial phrases for any type of appeal process she might be thinking of?

**Hon Ms Gigantes:** The problem with the elaborate kind of appeal process in the existing legislation, Bill 51, is that it created a great amount of administrative work. It created, therefore, a great deal of delay. People who were taking part in the process and went through to the appeal board ended up feeling enormously frustrated because decisions were taking so long. That is something we want to try to avoid.

**Ms Poole:** I guess it comes back to a matter of the chicken and the egg. Certainly my understanding over the last number of years, having worked with both rent review and the appeals board, is that the delay was never really at the appeals board level. It was just a backlog they received from rent review which was holding it up. Obviously there are things that could have occurred to expedite faster hearings and faster decisions. I am not sure I could honestly attribute the delay to the appeals board.

One of the suggestions we received in Ottawa from the Federation of Ottawa-Carleton Tenants' Associations was that there be an appeal mechanism within the ministry, that the director of rent control or rent review, whatever one might like to call him or her, would actually be responsible for taking care of appeals and that an amendment might be brought forward to the legislation. I think both tenants and landlords have a great deal of concern about this.

There is not a great deal of trust in the rent review administrators to begin with. They feel that by keeping it within the ambit of the Ministry of Housing rent review, you are really not going to get any independent decisions, particularly since the director of rent review would be subject

to any policy directives from the ministry. I do not think that in any way, shape or form could be seen as an arm's-length adjudicator.

**Hon Ms Gigantes:** Does this mean you would not favour such a course?

**Ms Poole:** Certainly it would be better than nothing, but I would certainly favour an arm's-length appeal process. I think it is very important when you are looking at it to take a couple of factors into account. One is the arm's-length factor which I just mentioned and the other is ways in which the current appeal board could be streamlined to make it more effective.

For instance, right now there is a choice between one and three members on a panel. I have a lot of sympathy for the tenants and the landlords who ask for three members on a panel. They want to make sure they get the benefit of the advice of three members rather than one and they figure it is a fairer process. For instance, that is one where I would be willing to compromise. I would rather have one arm's-length adjudicator than have to compromise and say that it should be internal and kept within rent review.

I guess the short answer is that I would not be in favour of doing it, but if all else fails, that might be something certainly that is preferable to what there is now.

**Hon Ms Gigantes:** The Federation of Ottawa-Carleton Tenants Associations also made a suggestion about the length of time that should be permitted before a decision is made about whether there should be some kind of review. That is another matter we will take under consideration.

**Ms Poole:** There was one other thing I was going to ask you about the appeals process. I just have to figure out what it was. All those votes on Bill 70 have scrambled my brain.

**Mr Daigeler:** Do you want me to ask something in the meantime?

**Ms Poole:** My colleague has asked if he can ask a question in the meantime, while I am unscrambling my brain.

**The Chair:** He has both your permission and mine.

**Mr Daigeler:** Thank you very much, Mr Chairman. I apologize for not having been here a little bit more on the estimates for Housing, but we have to spread ourselves around sometimes, not being as many as we used to be.

Minister, you may have answered this already, but I am interested in your own agenda in terms of getting private rental construction going again in this province. Do you see this at all as a goal?

**Hon Ms Gigantes:** It would be a goal if we thought it could be practically effected. The costs involved in producing rental housing these days in areas where urban land is very expensive and where financing costs are high make that a very difficult target to achieve. Over the last year, for example, we have found there has been very little private rental market production. We expect that will probably continue to be the case. It has also been true in other provinces, some with some method of rent review, some without. It seems to be a general phenomenon in urban centres in North America.

On the other hand, we have seen the private housing industry produce condominiums which in turn are rented,

often at the level of about 50% of the units in a given condominium project. That has provided some supply, which has been very useful to us over the last 10 years or so. We are hoping we will be able to count on that method of financing, for the private market to be producing units that will be available at relatively affordable rents.

**Mr Daigeler:** Again, I apologize if you have provided it already, but if not, would it be possible to give us information over the last five years on what the new apartment rental construction has been in the province? You indicated that in other provinces the situation has basically been the same. I would also be interested, if you have that, in what the construction numbers were over that same period in the other provinces. If that is available I would appreciate it.

**Hon Ms Gigantes:** I am sure it is available. I am not sure whether it is available here. Would one of the ministry staff have figures like that?

**Mr Daigeler:** Again, I do not have to have that right now, but if you can provide it in writing.

**Hon Ms Gigantes:** Sure.

**Ms Poole:** Meanwhile, back at rent review, one of the problems people have with the very limited right of appeal under the legislation is that they are not terribly happy with the process leading up to it.

Right now under Bill 121 there is an automatic administrative review at the time the application is filed unless one of the parties advises that they wish to have a hearing within 15 days. First of all, there is a difficulty in the very tight time line, as the minister can appreciate. It would take two weeks just to get a meeting of the tenants' association together to make a decision on whether they want to have a hearing. In some instances there is not even a tenants' association formed, so they have to go through that process first.

1620

**Hon Ms Gigantes:** This was the point raised by the Federation of Ottawa-Carleton Tenants' Association in their submission.

**Ms Poole:** I think it was raised by quite a few tenant groups actually, as well as some of the landlord groups. From talking to a number of the major tenant groups, I have also been advised that they would far prefer a process where there would be an automatic hearing, unless all parties consent to an administrative review. They feel this would get away from the problem of tenants not having adequate time, adequate notice and would allow them every opportunity to pursue their case. If the ministry does not change its mind on the appeal process and it is as limited as it is right now, the hearing becomes absolutely crucial.

Would the minister comment as to whether this is something that has been considered, or is being considered, to go to an automatic hearing process, as opposed to automatic administrative review?

**Hon Ms Gigantes:** In fact, all these combinations have been considered by the ministry. I certainly cannot indicate at this stage where the direction is going to come down, but all these matters are things that have been taken quite seriously in review.



**Ms Poole:** About the estimates of how many matters you feel would be dealt with in hearings as opposed to administrative review if Bill 121 stays in its current form, it seemed to me at the time we were in the hearings and were talking to the ministry that there were somewhat unrealistic expectations of how many hearings would actually be called for, that the numbers the ministry presented were far lower than I would anticipate.

Let's put it this way, if you have only one kick at the can, only one shot, and you know there is virtually no chance you will be able to appeal, there is an incentive built right in to request that hearing from day one. I wonder if the minister could comment on that problem.

**Hon Ms Gigantes:** I do not know how fine our figures would be. Again, I can ask staff if they have figures that would answer that particular question. We certainly have overall estimates of what the process might produce under Bill 121. Bob Glass.

**Mr Glass:** We analysed the number of administrative reviews versus the number of hearings we would expect to get at a first level. To put the bill in perspective, things we noted were the limited number of reasons people could come to rent review and the variable size of the groups that are coming. We get a lot of single-unit buildings coming in front of rent review. So although we would anticipate a large number of people wanting hearings if it were, say, a large building with capital items on the question of extraordinary operating increases, if we were dealing with a hydro bill increase in a two- or four-unit building, we really could not see people wanting to take that to a hearing. Of a total of about 12,000 applications annually that we think we would get, we think we would get about 7,200 of those coming to hearings, mainly for capital items.

**Ms Poole:** I remember at the Bill 121 hearings your presenting figures similar to that, or probably identical to that—

**Mr Glass:** I hope so.

**Ms Poole:** It probably is identical, but I cannot say with any certainty. It seemed to me at the time that it was fairly unrealistic. I would suspect you are going to find far more often now that when there are applications for extraordinary increases they will be accompanied by applications from the tenants for extraordinary decreases. I think tenants are going to be far more aware of what they can and cannot appeal on.

I guess, Madam Minister, what concerns me to a certain extent is that the more things change, the more they stay the same. You might be interested to know that when the Liberal government was proposing to change rental legislation a number of years back, ministry bureaucrats—the same ones I suspect—came to us with the same proposal: that it be administrative review without a right of appeal or, I guess more accurately, with a very limited right of appeal. Our government, in its wisdom, rejected it. I am not sure whether that automatically means in your mind that it is not a precedent you want to follow, but just for your information, I thought I would throw that out. This has been hanging around for a long time, and after a lot of thought and a lot of input, it was rejected as an option. So I

sincerely hope this whole hearing appeal process gets a second look and significant amendments.

**Hon Ms Gigantes:** It has certainly had a second look, a third look, a fourth look.

**Ms Poole:** I did not hear about the latter part of my comment, "and significant amendments."

**Hon Ms Gigantes:** At this stage I really do not want to indicate that. It certainly has been accepted for serious review.

**Ms Poole:** I am actually about to go on to a separate topic, so maybe Mrs Marland can take over from here.

**The Chair:** I think it would be nice if you introduced the subject, the minister can think about it and we will pick it up in rotation.

**Ms Poole:** It is actually in reference to the cuts that were in the document the minister's staff tabled with us just prior to the estimates opening today. I would like some questioning as to how these cuts are going to come about. I think it will be a fairly significant topic.

**The Chair:** Okay. Mrs Marland, can we move to you, please?

**Mrs Marland:** That 20 minutes went quickly. First of all, I would like to thank the minister and particularly the staff, who are responsible for getting their responses to my opening statement back in writing today. That is very helpful, and impressive, I might add, over a holiday weekend.

One of the questions I raised in my opening comments was about the staffing for the rent registry. On page 4 of your answers you say there will not be any more staff required to handle the registry inquiries. That surprises me, Madam Minister, because so far under the existing legislation, the staff has not been able to handle the load. Apparently there were something like 40,000 inquiries last year 80,000 inquiries are expected this year.

Obviously under Bill 121, it must become fully operational within a short period of time after this bill is passed, otherwise it is just not going to have any meaning. My concern is that I have an example I can show you which is appalling in terms of a rent review hearing. I understand how the rent registry is going to work under Bill 121, but if in this area you do not have any more staff, I can just see more and more examples—

**Hon Ms Gigantes:** Is that the case involving 2333 Truscott Drive?

**Mrs Marland:** Yes it is.

**Hon Ms Gigantes:** Mr Chair, I meant to indicate at the beginning of our session today—and quite forgot—that there is a rather special reason for the delay in that case. Susan Gillespie is here from the hearings board and could make a brief comment on what happened in that case.

**Ms Gillespie:** With respect to 2333 Truscott, there was a special circumstance in this case because of an investigation that was being done at the Rent Review Hearings Board. One of the board members who was involved in the Truscott Drive hearing was also involved in the particular investigation at the board. Because of that ongoing investigation, the hearings that were outstanding with respect to

this individual were put on hold until the investigation was complete and whatever results were necessary took place.

In this particular case, the relief came about last month; 2333 Truscott is back in the system and we are rescheduling as quickly as possible to get it moving. The delay in this case had nothing to do with staffing or workload issues; it had to do with the investigation.

1630

**Mrs Marland:** I understand that. From time to time there will be various reasons why a panel member may have to be elsewhere, not the least of which might be maternity leave or if somebody goes to a new job. It is unbelievable that these people have been waiting 21 months since they appealed their rent at 2333 Truscott Drive. I just do not understand why. Is Mr Pappas reappointed and is the hearing going forward with the original panel?

**Ms Gillespie:** The hearing is going forward with the two remaining panel members.

**Mrs Marland:** Why could that decision not have been made before? That is really ludicrous.

**Hon Ms Gigantes:** This has not been a simple, straightforward matter, apparently. As you will be aware, I certainly have not been the minister throughout this whole process. The people involved have been subjected to an extreme delay. The system in that sense really has not delivered to them the way it should.

**Mrs Marland:** Do you think a 21-month delay for a rent review hearing is appropriate?

**Hon Ms Gigantes:** I believe I just said I did not. Is that what you heard me say?

**Mrs Marland:** I would appreciate your answers with a little less sarcasm, Minister.

**Hon Ms Gigantes:** I do not need to have words put in my mouth, Margaret.

**Mrs Marland:** You are here and I am able to ask you questions.

**Hon Ms Gigantes:** Yes, and I am able to answer.

**Mrs Marland:** In re-reading the Hansard from last week, I had several people comment on your attitude in answering questions. So I only—

**The Acting Chair (Mr Johnson):** If the minister could just answer the questions and Mrs Marland would just ask them, that would make it much more pleasant, I am sure.

**Mrs Marland:** Okay, I will ask her directly.

**Mr Perruzza:** She is launching a personal attack.

**Mrs Marland:** I will ask directly and the minister can answer directly.

**The Acting Chair:** If we could just stick to the questions and answers, I am sure we would get along much more favourably.

**Mrs Marland:** Mr Richard Fink is the lawyer for these tenants. By the way, it is one thing that the ministry have been so lax in dealing with this, but the other aspect is that it is costing the tenants money because, as you know, they require a lawyer. I would like to know why the ministry would not have considered Mr Fink's request for a hearing

immediately, without Mr Pappas or, in the alternative, assistance with legal fees to have the case reheard from scratch.

**Hon Ms Gigantes:** On those particular questions I am not capable of giving you an answer at this point. I do not know if Susan Gillespie is.

**Ms Gillespie:** When the hearing was adjourned initially last year, just prior to the investigation, Mr Pappas was one of three board members seized with this particular case and the hearing was adjourned, the investigation interceded and things were put on hold because of Mr Pappas's involvement. To begin again would have wasted all the progress that had been made to date in the hearings and they would have had to scratch the entire panel and start again with a whole new three-member panel.

In this case, because the panel had been seized with the issue, we waited until the results of the investigation were known and when the difficulties were cleared we could proceed with the remaining two panel members. To proceed any earlier, we would still have had to proceed with the same panel members. To wait until the situation is cleared means that we can proceed now with the history of this file, with the history that goes with the two remaining members and the continuity of hearings. You do not need to start again.

**Mrs Marland:** What I am hearing is that the hearing is going to proceed with two of the three anyway. Why could that not have happened in the first place? If they are going to proceed without Mr Pappas and not replace him now after—the initial hearing was April, 1990. Since that time, when Mr Pappas has not been available, and now—in the meantime, I must say that in writing to Mr Cooke as the minister—this is what is so colossal—he said in April 1991, a year later: "Matters concerning Mr Pappas are currently under consideration. It is expected that the matter of rescheduling this appeal should be resolved in the near future by the Rent Review Hearings Board." That was April of this year. I do not think November is the near future. Perhaps you can tell us when this hearing will now be convened.

**Ms Gillespie:** I cannot give you a specific date. It will be December or January. The issues impacting on the date of the reconvening of the hearing impact on the schedules of the tenant agent, the landlord agent and the two remaining board members. We schedule two to three months in advance. The release on this one came in September, so we are moving it ahead as quickly as possible.

**Mrs Marland:** I have not heard an answer about why, if we are proceeding with two of the three original panel members now, that could not have been done a year and a half ago.

**Hon Ms Gigantes:** I cannot answer that question. I was not the minister a year and a half ago. I was not involved in that decision nor do I have the facts that are relevant to the decision.

**Mrs Marland:** That is fair. You were not the minister a year and a half ago, but your government has been in the ministry for one year.

**Hon Ms Gigantes:** Yes.



**Mrs Marland:** Can anybody answer the question as to why, since you have been the government, that decision was not reached?

**Hon Ms Gigantes:** I understand the inquiries that involved Mr Pappas took some time. The decision was to wait, not to make a pre-decision about what would result from that inquiry and not to move ahead on a case in which he had been involved.

**Mrs Marland:** Would the ministry be willing to help the tenants with the cost of these hearings since the extended cost is not of their doing? It has been totally the action or the inaction of the ministry in not replacing Mr Pappas or not making the decision to go ahead, since the initial date of the hearing is a year and a half ago.

**Hon Ms Gigantes:** I can understand that the tenants would have suffered inconvenience and delay and they might very much wish to have the matter settled for their own financial affairs. However, I do not see that the postponement has in and of itself necessarily created extra costs. But I can certainly take a look at that.

**Mrs Marland:** You would be willing to take a look at it?

**Hon Ms Gigantes:** I will take a look at that to see if extra costs have been generated. It seems to me that whether the hearing is one year or the next, the cost of the lawyer is going to be the same.

**Mrs Marland:** I appreciate that you will take a look at it on behalf of those residents. There is an additional cost because the lawyer has been contacting the ministry to ask when this hearing was going to be reconvened. You and I both know that would involve some time on the part of the lawyer acting on behalf of those tenants. Obviously if it had proceeded originally as scheduled, then that additional representation by the lawyer would not have been needed. So there have been additional legal fees for them.

**Hon Ms Gigantes:** I was wondering if I could ask Susan Gillespie if there is any further information she thinks you should have on this matter.

1640

**Ms Gillespie:** With respect to this particular address? Just that the agents are in the process of being contacted by the scheduler at the central region office and that we are moving on it as quickly as possible. There is no more information specifically on that matter.

**Mrs Marland:** Minister, I will ask you again about a 21-month delay in a rent review hearing. You say you do not think that is appropriate.

**Hon Ms Gigantes:** That is what I said. I did not quite use those words, but I think if you look at the record you will find that is what I indicated to you.

**Mrs Marland:** Can you then answer the question about how, under Bill 121, without any additional staff, you are going to be in a position to eliminate—this particular delay, I recognize, is because of a particular panel member—the existing delays in the rent review appeal process? We have the figure of 80,000 projected for this year. How is your ministry going to handle that without any additional staff?

**Hon Ms Gigantes:** In terms of the hearings board, there will be no further hearings board under Bill 121 in its current shape, so there would not be a delay related to the hearings board.

**Mrs Marland:** No, I am talking about having the rent registry up and running, off the ground, because apparently the rent registry has not operated successfully so far, has not become fully operational yet, and yet it is going to have, obviously with Bill 121—I mean, how can you have it operational without additional staff? This is a simple question.

**Hon Ms Gigantes:** Well, we have a wonderful system. If I could, I would like to call Bob Glass back. I know he is all too eager to tell people about it.

**The Chair:** Especially since he has been waiting for years to say it.

**Hon Ms Gigantes:** In fairness, resources were yanked from that project in order to get hard at work clearing the backlog with Bill 51.

**The Chair:** I am quite familiar with the the software complications with this ambitious project, but please proceed.

**Mr Glass:** As an historical overview of the rent registry, I think it is fair to say the rent registry staff has been in place for several years. In terms of the number of calls we get that involve rent registry and rental information, we get about 650,000 a year. About 630,000 of those actually go to the field offices, so there is no change there. In fact, just last year we put a more permanent field structure in place around the client services area, so we think we are able to provide better and faster service.

In terms of the registry itself, a number of processes had to be gone through to set up a registry in the first place. That involved the registration of rents by landlords and then the checking of those rents with the tenants who were occupying the building. Suffice it to say that in the rush of getting the RRRR started, that process never got off to a very good start. Although we got a large number of pieces of information in for close to 700,000 units, the staff in the registry has spent most of the last four years trying to update and get that information in proper shape. Because of the backlog in the application resolution, the process of checking those rents with the tenants was never completed.

However, I am happy to report that in the last year a number of things have happened. Thanks to the moratorium legislation, staff time has been freed in the field offices. They have been able to work very hard at getting the registry information updated and in shape. They have been able to put on file all the historical orders done under previous legislation, under the Residential Tenancies Act and under the residential premises rent review legislation that predated that, and they have been able to add on file all the information from all the orders. There are about 800,000 units affected under the Residential Rent Regulation Act.

The next step in this process is to go with notifications for any kind of outstanding buildings not picked up under the current legislation. There are about 200,000 units in the province and we expect to start that towards the end of this month.

The long and short of it is that we will have a registry in shape by the beginning of the proclamation of this new legislation that can give us all the lawful rents on the larger

buildings in the province and many of the lawful rents on the smaller buildings under seven units. This helps us in a number of ways: It helps us in terms of rent rebates information; it helps us in terms of providing instant information to tenants who phone in, as opposed to having to look through hard-copy files or search our archive records to find out rental histories on a building; and it helps us actually determine future rents because we have accurate base rents to work through. It greatly accelerates the resolution process for applications and our ability to provide information. In fact, I can conceive a situation where tenants could probably come into our office and access the information on their own if they understood how to search through our computers. It is not a particularly arduous process.

We have a number of opportunities for greatly speeding up the process. It should be much more efficient, and we will have a registry up and operating on or before the implementation of this new legislation.

**Mrs Marland:** When do you estimate that all the rental units in the province will be registered?

**Mr Glass:** The rental units for the seven buildings and larger will be captured before the end of March, 1992.

**Hon Ms Gigantes:** You do not mean for seven buildings, you mean for seven units.

**Mr Glass:** Sorry, seven units and larger, which would be about 700,000, we believe. The balance of the units, about 400,000, will be picked up over the next three to four years. There may be some very small buildings, single-unit buildings, and things outstanding.

**Mrs Marland:** You are saying it may take three or four years before the less-than-seven-unit buildings are on the rent registry?

**Mr Glass:** We will have to do that in a staged process.

**Mrs Marland:** So the rent registry will apply only to 700,000 units, and you are going to have 400,000 units for which there will not be a rent registry completed for another three or four years.

**Mr Glass:** That is not entirely correct. A number of buildings have come to rent review that are seven or less than seven units. We have those rents captured. Tenant rebate applications have come for buildings that size. We have been asked over the past four years to do rent surveys where there have been problems in specific buildings that are smaller. We have that information captured as well. We will continue to do rent surveys of any problem buildings and pick up those as well.

**Mrs Marland:** Can you tell me what is correct then? You said it was not correct. What is correct? Of the 400,000 units of less than seven in a building, how many will not be on a rent registry for three or four years?

**Mr Glass:** At the current time, I believe we have about 50,000 units of the 400,000 that are captured.

**Ms Poole:** Just before Mr Glass leaves, I will ask him one question about the rent registry. I have been meeting with a number of tenant advocates lately who have been dissatisfied with the way the previously uncovered units have been brought in. They feel there should be no amnesty period, that the rents are registered as of 1985. My concern

with doing this is that we might end up with another enormous backlog and an inability of tenants to verify what rents were six years ago. Have you done any analysis of the type of backlog we would be incurring if, instead of using current figures, we went back to 1985 to register the new rents?

**1650**

**Mr Glass:** We have done a number of studies. We feel we could generate up to 12,000 tenant rebates as a result of our efforts to register—well, some buildings are registered—to complete the notifications process which follows the registration process. Under the current system, we are going to test-pilot the notification process in four of our offices towards the end of the month, and I think we will have a better idea of what the results are likely to be. Those will go back to 1985. Those will ask people about the 1985 rents.

My own personal feeling, supported certainly within the organization, is that the 1985 rents are becoming less and less meaningful to tenants. We do not have people who have that kind of history in one building, in many cases. With the smaller buildings in particular, we are probably better picking a more current date, as is suggested under the legislation. I honestly do not know just yet. I will have a much better idea a few months from now what a 1985 date as opposed to, say, a 1990 date would result in. I will have a much better idea though in a few months, after we have tested it.

**Ms Poole:** I appreciate that and I would appreciate, once you do have your results, if you could share those with us.

**Mr Glass:** I would be pleased to.

**Ms Poole:** I noticed you flicked your eyes to the minister before you said that.

**Mr Glass:** The minister will provide—

**Ms Poole:** Go to the boss, right? The boss will provide them. Okay, thank you.

Back to the area which I signified I was going to address next, and that is the expenditure reduction and cuts. I am somewhat puzzled by some of the figures that have been cited. For instance, in the memorandum, Minister, which you have signed, it states that the cost reductions include \$2.01 million in administrative operating costs. I went back to page 19 of the estimates where we are looking at salaries and wages, employee benefits and other direct operating expenditures. For instance, for salaries and wages there has been a \$2.068-million change from 1990 to 1991, which represents a 14% increase; employee benefits, there has been a 16% increase, and in other direct operating expenditures, there has been a \$2.6-million increase, which represents 16%. So it seems to me it is a little bit of smoke and mirrors. You increase on the one hand, but then suddenly you are reducing by the same amount. I wondered if you could perhaps explain some of those. Oh, I see you have got some help on the sidelines here.

**Hon Ms Gigantes:** Some very expert help.

**The Chair:** Please introduce yourself again for the record.

**Mr Temple:** My name is Arnie Temple. I am the assistant deputy minister of corporate resources.



**Mr Casey:** My name is Tim Casey. I am the assistant deputy minister of accounting operations.

**Mr Temple:** On page 19, I think the bulk of the increased salary costs for this year relate to the annualization of the salary awards that were negotiated, as well as the carryover of the pay equity costs for the full implementation of pay equity in the ministry. There was also some conversion of other direct operating dollars to salary dollars in order to convert some consultant dependency into an employment situation. These were some interim measures which turned out to be ongoing. We felt it was inappropriate to continue those in a non-employment relationship.

Some of the other direct operating expenditures are related to increases in rent, increases in utility costs and other things. The reductions that were put through as part of the Treasurer's midyear fiscal adjustment were moneys taken out in the services area from communications, from travel and from other related services.

**Ms Poole:** Would it be accurate to say, looking at salaries and wages, that the three major factors were COLA, pay equity and conversion of contract to employee status? Is that what you are telling me?

**Mr Temple:** Yes.

**Ms Poole:** That comprised 14%?

**Mr Temple:** Yes.

**Ms Poole:** With the conversion of contract to employee status, I would assume, if you are converting to employee status, that means on the other side of the scale, somewhere in this estimates book it should show a significant decrease from the contract work. Would that be accurate, and if so, where could I find this enlightening information?

**Mr Temple:** You would find it in the other direct operating expenditures on page 19, which shows a decrease of \$2,656,000 in ministry administration, as well as \$1,365,000 in rent review boards.

**Ms Poole:** So that figure for the rent review boards was primarily contract people who went to employee status, or that was attrition as well, just not renewing contracts?

**Mr Temple:** It was contract people in the ministry generally. This was how we reallocated the funds to meet that particular need. The rent review board did not have that degree of requirement in its allocation for other direct operating expenditures and we were able to reallocate.

**Ms Poole:** Cutting through all the superfluous numbers, what is the bottom line? Do you have more employees/contract workers with the Ministry of Housing today than you did 18 months ago?

**Mr Temple:** We have more employees than we did 18 months ago.

**Ms Poole:** No, no, employee/contract workers, the bottom line, do we have more or fewer?

**Mr Temple:** Bottom line, it is about the same. A number of the relationships have changed between the contractor and the employee situation.

**Ms Poole:** So if the number of employees/contract workers has remained fairly static, then a large proportion

of that 14% increase would have gone to pay equity and COLA?

**Mr Temple:** Yes.

**Ms Poole:** Do we have those numbers available?

**Mr Temple:** I do not have them available directly. I will see if they are here in terms of how much that is.

**Ms Poole:** Okay.

**Hon Ms Gigantes:** Arnie, is it really fair to describe that as COLA?

**Mr Temple:** It is the salary awards and the adjustments coming from collective bargaining and other adjustments. The other thing to remember about that is that it is usually funded on a 15-month basis, because the payout was made in the next fiscal year. The contracts went from January to December, but the payout would have occurred for the January, February, March period in the next fiscal year.

**Hon Ms Gigantes:** This is not, strictly speaking, a COLA clause in the contract.

**Mr Temple:** It is not strictly COLA in terms of a COLA clause.

**Hon Ms Gigantes:** I just want to make sure there is no confusion on that.

**Ms Poole:** In addition to cost of living, what else would be included?

**Mr Temple:** It is the negotiated adjustment of the salaries which takes place every year, the associated additional premium and other costs, but there is not a cost-of-living formula in any of the collective agreements. We have been starting at the base at the beginning of every set of negotiations.

**The Chair:** Is there a step grid in some of the classification adjustment?

**Mr Temple:** Yes.

**The Chair:** And merit?

**Mr Temple:** There are no additional funds granted for merit.

**Ms Poole:** There is no merit in the Ministry of Housing?

**Hon Ms Gigantes:** Oh, we would not say that.

**Mr Temple:** There are no additional funds granted for merit—very different.

**Ms Poole:** Was your reclassification on a fairly significant scale, and were those reclassifications upward or downward?

**Mr Temple:** I am sorry, I did not mention reclassification before.

**Ms Poole:** Maybe I am confused. I thought when the Chair asked you the question, it was whether some of these adjustments were due to the fact that there was reclassification.

**Mr Temple:** Oh, sorry. I missed that.

**The Chair:** When a contract person goes into the regular stream, it usually builds a department and somebody gets reclassified because he is supervising more people, and so on it goes.

**Mr Temple:** In this particular case, what we were dealing with is people who were employed on a consultant

or a fee-for-service basis. Most of those who had employee status before and moved into a civil service status basically maintained roughly the same classification or pay range that they had before.

**Ms Poole:** So they have been reclassified, but not necessarily at a greater pay scale.

**Mr Temple:** Their status has been changed from unclassified, where they do not have a classification, which is a time-limited employment situation, to a permanent employment situation.

1700

**Ms Poole:** I would like to go to page 4 of the responses to the questions that were provided by the Ministry of Housing today. I am trying to jibe what is in item 8 there with what I see on the page entitled "1991-92 Expenditure Constraints, Ministry of Housing," and the chart that is there. One of the questions we had asked about the 10,000 units announced in the budget, which I gather you are calling P10,000—

**Hon Ms Gigantes:** We have not come up with a fancier name.

**Ms Poole:** It is awfully boring. What does "P" stand for, project?

**Hon Ms Gigantes:** Program.

**Mr Temple:** Provincial.

**Hon Ms Gigantes:** Provincial.

**Ms Poole:** Provincial. It could stand for all of those things, I am sure.

According to the question, "How much of the cost of the new units is covered in this year's ministry estimates?" it says, "A total of \$7,740,000 has been included in the 1991-92 estimates. However, this estimate has been reduced, due to program timing, [by] \$80,000."

**Hon Ms Gigantes:** Could I ask what page you are on again?

**Ms Poole:** Sorry, page 4 of the responses, at the very bottom. I took this \$7,740,000 to be operating expenditures; is that correct?

**Mr Temple:** Yes.

**Ms Poole:** So there we are talking about \$7,740,000 less \$80,000, which I still think would be—and math is not my strongest subject—somewhere in the vicinity of \$7,660,000 that would not be taken up in this fiscal year for operating subsidies. I have asked a hard question. We have to change the guard here.

**Mr Burns:** Yes; the answer to that is yes.

**Ms Poole:** The deputy minister has said, "Yes, that is correct."

**Mr Burns:** Yes, \$7,740,000 minus \$80,000 is \$7,660,000.

**Ms Poole:** Okay. You have just verified my math.

**Mr Burns:** Yes.

**Ms Poole:** It took you long enough. Even I was quicker than that.

**Hon Ms Gigantes:** He's shy. Murray Wilson has joined us, Mr Chair.

**Ms Poole:** I guess what I am asking is that if it is \$7,660,000 less takeup in the program than the Treasurer had budgeted—that is for operating. Then I go over to the chart which you provided for us today, with your constraints and spending cuts, and I am looking down at item B, "Operating," and I do not see that necessarily adding up to the same thing. I see 2103/2, which is the third item under B, "Operating," which says, "Reduced 1991-92 subsidy requirements for new initiative to provide 10,000 additional non-profit housing units (P10,000)." There I see that you are going to restrain by \$4,010,000. Again, with my math, I am estimating that somewhere in the vicinity of \$2.5 million must have gone somewhere. Perhaps you could explain for my feeble-minded efforts where I am missing \$2.5 million that has been cut from P10,000.

**Mr Temple:** We have \$4.5 million with the 2103/2 taken out.

**Mr M. Wilson:** You have to add the one below, the \$491,500, to the \$4,010,000.

**Ms Poole:** Okay, so now we are only missing \$2 million; that is, if your answers on page 4 are correct and that is if the expenditure constraints are correct.

**Mr Temple:** Part of that, the remaining \$2 million, is in the \$5,500,000 down below, which is spread across the programs.

**Ms Poole:** Why would that be isolated, separate and apart from the P10,000 category? I would think if you are saving money on P10,000, it should all be in that particular category. I do not see why you would then lump part of it, like \$2 million worth, into "lower than anticipated 1991-92 subsidy costs to non-profit housing groups."

**Mr Temple:** In order to maintain the flexibility in terms of all of the non-profit programs, because of the ebb and flow of when subsidy payments occur. I believe the reason for putting that in there was to make sure we had enough money left in the various accounts to cover contingencies. There may be a further adjustment later on in the year, depending on the actual demand.

**Ms Poole:** In other words, it is your little slush fund so that you can fudge your numbers if they do not quite match your program expectations.

**Mr M. Wilson:** I think that is—

**Ms Poole:** A little harsh?

**Mr M. Wilson:** I think that is unfair. You are saying that when you total those up you are missing \$2 million.

**Ms Poole:** Right.

**Mr M. Wilson:** In terms of what we have done, I am satisfied in my own mind that the two numbers there represent about \$4.5 million of the numbers you are looking for. The \$80,000 represents another. With regard to Arnie's reference to the lower-than-anticipated 1991-92 subsidy costs to non-profit housing groups of \$5,500,000, I think he is correct in saying that is across the board and deals with all non-profit programs. I do not know the answer to your question right now. You are obviously looking for specific information as to why we would not have shown \$2 million more in the \$4.5 million. I do not know the answer to that, but we can certainly find out.



**Ms Poole:** The figures do not match and I am wondering what happened. It is a significant amount of money.

**Mr M. Wilson:** I agree.

**Ms Poole:** What would be the rationale for a \$5.5-million reduction because of lower-than-anticipated 1991-92 subsidy costs to non-profit housing groups? Is it that projects you thought would be on stream were not on stream as quickly as one might have anticipated?

**Mr M. Wilson:** They would not be taking up the subsidies at that rate, that is right. To the best of our ability, we make an estimate of when the project is going to come on stream. The actual preparation of the estimates process starts in the early spring and summer. You are making guesses about things that are going to occur in the next fiscal year and those guesses are as good as you can possibly come up with. As I mentioned before in response to one of your other questions, there are a lot of factors involved in the development process that do not allow 100% predictability.

**The Chair:** On that point, have supplementary estimates been completed or in order, or are we not doing them any more? I am listening to your point but, on behalf of the committee, that is what I thought was the purpose of supplementary estimates: to refine those numbers.

**Mr M. Wilson:** I was referring to the member's actual question.

**The Chair:** I understand that. I was simply asking you, is your ministry still supplying supplementary estimates or not? We have not received them as of yet, but now I have a concern that maybe you are not doing them.

**Mr Temple:** We do that every year, but the Treasurer will be tabling those when they are ready.

**The Chair:** Which should be when?

**Mr Temple:** I am not sure of the date. The schedule has been changed this year.

**The Chair:** I am taking up Mrs Poole's time and I apologize for that, but for the record I just wanted to get a sense of where the supplementary estimates are. It is not that helpful to the committee that we do not have them, nor does it appear that you are in a position to respond. You are at some stage of supplementary estimates so that you can provide clearer answers about where that money is, but—

**Mr M. Wilson:** As far as my explanation to Ms Poole's question is concerned, all I indicated to you is that I do not want to guess at where that \$2 million is right now. The other discussion took place with respect to the preparation of the estimates. All I was trying to describe is that our original estimates are prepared somewhat ahead of time. Certainly we do have an opportunity, through the established programs financing process, of providing recent amendments and updates to that process, and that takes place. I am not implying that we do not know where that money is, that I cannot find it out for you, find it out quickly and identify what it is, but I am saying that as of right now, as I sit here, I do not know where it is and I am not prepared to answer that because I do not know.

**The Chair:** I thank Mrs Poole for her indulgence. I was merely trying to establish that we were late with the

filing of the estimates, which meant that they are more current in time, and yet we are not on time with the supplementary estimates either. I just wanted that for the record.

**Hon Ms Gigantes:** In fact, these constitute something of a summary supplementary estimate.

**The Chair:** Not according to the accurate answers we are getting. I will give the floor back to Mrs Poole, because I took it from her without her permission.

1710

**Ms Poole:** No problem, Mr Chair. It was a question worth asking. On top of page 5 of this document prepared by the Ministry of Housing in response to questions I asked on Monday, the question was asked, "Has the implementation of the 10,000 units"—P10,000—"been affected by the Treasurer's spending cuts?" It says, "No, the goal of the program remains the creation of 10,000 units of non-profit/co-operative housing." I guess that distorts the intent of the question somewhat, because while the goal remains there, it does not remain there for this fiscal year. Is that an accurate summation? It is unlikely that you are going to be able to have those capital dollars committed for all 10,000 in this fiscal year?

**Mr M. Wilson:** It would be totally and completely impossible to commit the projects and have construction starts for those projects so that you would commit the capital related to all 10,000 units. There are no means I know of that would allow that to happen. The response to the question is intended to convey the information to you that, as far as the Ministry of Housing is concerned, we are acting on instructions from the Minister of Housing to go about developing a plan to deliver 10,000 units under P10,000, the Ontario non-profit housing program, and see that this is achieved. Whatever period of time that takes, I assume we would be doing that as quickly as we possibly could.

**Ms Poole:** Was it impossible at the time the Treasurer announced the 10,000 units in his budget?

**Mr M. Wilson:** In the sense we are talking about, total capital commitment of all of the units?

**Ms Poole:** Of all of the P10,000.

**Mr M. Wilson:** As far as I am concerned, yes.

**Ms Poole:** So it was possible at the time of the budget, but it is impossible now?

**Mr M. Wilson:** No.

**Ms Poole:** No?

**Mr M. Wilson:** I am sorry, I misunderstood your question. I thought you asked me whether it was impossible. You asked me whether it was possible?

**Ms Poole:** Oh, yes, I think we are into double negatives now. You are saying, yes, it was impossible at the time of the budget?

**Mr M. Wilson:** Yes.

**Ms Poole:** Maybe it reflects my naïveté or inexperience in dealing with budgets, but I thought one of the purposes of a budget was to set out the expenditures and revenues for a given fiscal year. Would you announce the P10,000 project and allocate full funds for it knowing it was impossible to realize that?

**Mr M. Wilson:** There was a program called Homes Now announced in 1987. We are just finishing that program up now. If there is a specific time frame within which the government wants a particular program brought to a conclusion, it identifies that in its announcement or its subsequent announcements; if there is not, then it is assumed, as we are assuming in Project 10,000, that the government will find the funding necessary to put in place those 10,000 units identified for that program.

**The Chair:** We have come to time on this one. If I can move to Mrs Marland, we might return to that subject later, Mrs Poole.

**Mrs Marland:** Minister, last week I asked here if you would supply me with copies of the reports that you have on shelter allowances, the studies that were done.

**Hon Ms Gigantes:** Oh yes, indeed.

**Mrs Marland:** The reports are named in your response, but I did ask if I could have copies of those reports from your office. I would appreciate it.

**Hon Ms Gigantes:** I do not think that is going to be a problem at all.

**Mrs Marland:** Thank you. One program I have a lot of support and empathy for, which I am sure you would share, is the Ontario home renewal program. Of course, it is a program directed only at people with disabilities or home owners with disabled relatives or dependants living in the same dwelling. It is actually on page 160. I notice unfortunately that under the description it says, "This is an anti-recession program capital project funded during fiscal year 1991-92 only." What does that mean? I hope it does not mean you are going to discontinue it.

**Hon Ms Gigantes:** The cause of your alarm may be a little unnecessary. You will recall that the anti-recession fund was announced in December 1990. In a sense, we funded this before we funded through the budgetary process. In that sense, it was given priority because the allocations were made through the anti-recession program before the budget was set for fiscal 1991-92.

**Mrs Marland:** Your government did not start this program.

**Hon Ms Gigantes:** No.

**Mrs Marland:** But are you saying your intent is that your government will continue this program after 1992?

**Hon Ms Gigantes:** For all the reasons you know so well, I certainly think it is a valuable program. That is why we funded it. Whether that will be our choice in the coming budget, I cannot tell you at this stage.

**Mrs Marland:** Are you hopeful or you are saying you just do not know?

**Hon Ms Gigantes:** I really do not know. We will be going over every item in the budget and worrying about where we will find funding for it. As you know, many of the programs that this ministry and the other ministries carry on are very valuable to the people able to benefit from them. I think this is one of them. There are things we simply still have to review in terms of our overall commitments.

**Mrs Marland:** I think the reason this is so significant is that if people with disabilities can function in their own homes, with physical plant modifications made to their homes, then they have that choice. Otherwise the only choice they have, if they cannot function and look after themselves in a modified private home, apartment, whatever it is, is to look for full-time government funding in providing them with accommodation in some other kind of setting.

**Hon Ms Gigantes:** That can indeed happen.

**Mrs Marland:** Under vote 2103-7, again under housing field operations, under the current legislation there is a clause in the definition which states that the money remaining after the closure of a non-profit housing complex and the payments of its liabilities—in other words, the money which has already been borrowed from the pension fund—can be given to non-profit, charitable or religious organizations. It amazed me to find that it was not even stipulated that this money be used to fund non-profit housing. All I could see in this was a wonderful way to diminish our pensions. I am just wondering if you would like to comment on that

**Hon Ms Gigantes:** There may be somebody here who can help us on this point. I should point out too that certainly not all our non-profit housing these days is being funded through pensions. We might look for a comment on that.

**Mrs Marland:** My question is about the current legislation, where the definition exists that allows the money remaining from a project to be virtually given away.

1720

**Mr M. Wilson:** If you want a very strict legal interpretation, then clearly what we should be doing is consulting with our legal branch in providing a proper legal interpretation of these events. Regarding what the member is saying about the way in which the funds are disposed of, it is my understanding that the creation of non-profit groups in Ontario is guided by the statutes of the province, one of which says that no director of a non-profit housing company can benefit personally from the disposition of the assets. As to the disposition of those assets, the member has stated it very clearly. I suppose in some cases the public trustee determines how those funds are to be distributed in the best interest of whatever. If it is deemed to be in the best interest to create more non-profit groups or whatever, I assume somebody would have the opportunity of making the decision at that time.

**Mr Burns:** That happens after all the financing and other obligations of a company are dealt with.

**Mr M. Wilson:** For sure.

**Mrs Marland:** I understand that, and I was not suggesting that the directors benefited. The question is, why is that money given away? Why is it not retained for the purposes for which it was allocated in the first place, which was non-profit housing?

**Mr M. Wilson:** That is a different question. If a non-profit group in the instance you are depicting decides not to continue with that particular project and the project in fact fails, is the automatic solution to go through a disposition of assets, where the moneys are returned for charitable



purposes and some decision is made as to how that money is disposed of? That is not in fact the course of action that is pursued. If the non-profit project fails and is still required for non-profit housing purposes, it is the responsibility of the Ministry of Housing to introduce a new non-profit group into the management and operation of that particular project and continue the project and operation for the term of the agreement. That is the solution we have had to apply on one or two occasions in the 15 or so years I have been around.

**Mrs Marland:** Okay, Murray, you are telling me about the failure of a project. I am talking about the—

**Hon Ms Gigantes:** Money left over on a project.

**Mrs Marland:** I am talking about both things. I am talking about the closure of a project and the payment of all liabilities. Is it possible that, if a project has been built, there is money left over that has to be disposed of? Or does this only happen where a project fails?

**Mr M. Wilson:** The best example I can think of is a project in Mississauga called the Tyren Properties project and it failed. Rather than pursuing the course of action you have identified, we were able, working together with our federal colleagues, to have that project incorporated into the Peel Non-Profit Housing Corporation's portfolio. To this day it continues as a non-profit project housing people.

**Mrs Marland:** But do you have examples where funds have gone to "non-profit, charitable or religious" organizations for purposes other than providing housing? That is the basis of the question. I know the example in Mississauga very well, but I was just wondering if there are any other examples around the province. If that is not the case it does not matter. I mean, if that is not the case it is good news.

**Mr M. Wilson:** If I truly understand your question, I would say that to the best of my knowledge no, I do not think there are any of those cases.

**Mrs Marland:** Apparently we did have an issue raised about the Metropolitan Toronto Housing Authority and the use of funds for a breakfast program in a complex. It appeared that this program, which was overseen by MTHA employees, was not receiving the funds supposedly directed towards it. It has been impossible to discern exactly what was taking place under this program, but it illustrated that the housing authority requires stricter rules and scrutiny for the use of funds. Obviously we support this breakfast program, but what went wrong that the MTHA got the money and it did not all flow through to the program?

**Mr Hill:** My name is Byron Hill and I am the general manager of the Metropolitan Toronto Housing Authority. I am not entirely sure of the question you are asking. We have funds to support the breakfast club program in approximately 32 communities across Toronto and to the extent that the money has been available, we have used it all up.

**Mrs Marland:** Did you say you have used it all?

**Mr Hill:** We are in a fiscal year right now but we anticipate using all the money, yes.

**Mrs Marland:** Apparently there was a question that the money was allocated to that breakfast program but not

all of it was spent on the program. That is simply what the question is about.

**Mr Hill:** I am not familiar with the question, but I can assure you that in fact the breakfast club operates at a loss. In other words, it costs more than the money made available to MTHA to support it. That extra, the difference in that loss, is made up from donations to the breakfast club as a corporate organization.

**Mrs Marland:** So you are saying there is not an example existing where money was assigned to the breakfast program and was not totally spent on the breakfast program.

**Mr Hill:** I can only speak to the total program across 32 housing communities, I could not speak to a specific community. It is conceivable.

**Hon Ms Gigantes:** If you had a few more hints for us we might be able to track it down.

**Mrs Marland:** I will get the other information, but if that is your job and you are happy, that is fine.

Minister, because we are running out of time I am skipping around to cover as many subjects as I can. I would like to know how many employees there are for the home ownership savings plan and how many applications there were in the last fiscal year, because we have been led to believe there are more employees for this program than there are actual applications.

**Hon Ms Gigantes:** We are looking for some help here. Could we make sure we have the title of the program correctly?

**Mr Casey:** That is what is confusing us.

**Hon Ms Gigantes:** We do not run a program like that.

**Mrs Marland:** The home ownership—they have "savings plan." It is not called that, it is called something else, is it not? What is the home ownership plan called?

**Hon Ms Gigantes:** HOSP is not a program we run.

**Mr Casey:** Can you identify which page you are looking at in the estimates?

**Mrs Marland:** No, I cannot.

**Mr Casey:** You may be speaking of a Treasury program. I am not familiar with a program like that in the Ministry of Housing.

**Mrs Marland:** The home ownership savings plan is not yours?

**Mr Casey:** Not that I know of. I am not familiar with that program in the ministry.

**Hon Ms Gigantes:** We would know.

**Mrs Marland:** You would know. We will have to guess.

**Mr Burns:** I suspect it is administered along with the tax system, so it is probably a Ministry of Revenue program.

**Mr Casey:** The Ministry of Revenue is what I am told is the ministry.

**Mrs Marland:** All right, so you do not have anything to do with it?

**Mr Burns:** No.

**Mrs Marland:** The green paper on government land for housing: What will be the cost for the staff needed to monitor the use of land and to prepare on an annual basis

"an inventory of underutilized urban sites that have housing potential," and will additional staff be required for this process? When will the process be making this policy operational?

1730

**Mr Burns:** Mr Chiesa is ill today, but his current situation is that he has three staff who work on this program. They have already been engaged in looking for sites that might be appropriate for residential development from MGS and from government agencies. I think in fact in your material, in response to a question you asked, there is a list of those we are now talking to departments, ministries and agencies about. I do not believe we are expecting to increase the staffing in his program at all.

**Mrs Marland:** At the moment, Mr Burns, you are saying—

**Mr Burns:** This is Mr Chiesa's program of working with other agencies to make land available for housing. It is currently three people.

**Mrs Marland:** The description, and I guess this description is out of your green paper, was people working to prepare on an annual basis "an inventory of underutilized urban sites that have housing potential." So it is more, I think, than what—

**Ms Beaumont:** The actual preparation of that inventory is being done by the Ministry of Government Services, which is the holder of government land and acts as the developer of most of those government land sites. The role of Mr Chiesa and his staff out of our ministry is to work in co-operation with Government Services. They take the lead on the number of sites, but in the majority of cases it is Government Services that takes the lead.

**Mrs Marland:** So the green paper is yours?

**Ms Beaumont:** Yes. A joint green paper with Government Services.

**Mrs Marland:** Okay. Can you say how many staff are preparing the inventory out of those ministries? I know you cannot speak for MGS.

**Ms Beaumont:** I cannot speak for MGS, and the staff who are preparing the inventory are all in MGS.

**Mrs Marland:** Oh, they are, all of them. So you do not know what the cost of that is then?

**Ms Beaumont:** No, no idea.

**Mrs Marland:** We will ask them. Thank you.

**Mr Burns:** But we are not anticipating adding staff to mount any program in our place.

**Mrs Marland:** No, but we are just interested to know what this process is costing, that is all. If it is not costing your ministry anything, then we will ask the ministry where they have the responsibility.

I wanted to ask the minister about her philosophical stand on—I used to call them development charges, but now we have to call them developmental charges. Obviously, that act was passed before you were the government even. We all recognize that the cost of lot levies adds to the cost of homes. It was established to try to pay for the capital cost of schools. New home builders are bearing that

huge tax burden within municipalities, but they do not bear it very long until they turn it over and sell it to the new home owner. I just wondered what your position was on those, what we used to call lot levies, but in this case to pay for the cost of schools.

**Hon Ms Gigantes:** There are two kinds. You are talking about the educational levies.

**Mrs Marland:** Both.

**Hon Ms Gigantes:** What can I say? One has been used for a long, long time. Essentially, what I guess you would raise as an issue is the question of the level. The way the system has operated is that municipalities have had the authority and the responsibility to decide what level they were going to charge. If you have proposals to change that, I would be glad to pass them on to Dave Cooke.

The second is the question of the educational levies and whether boards should be given the power to raise levies that way. We essentially decided when we came to office that we would go ahead with what had been a proposal from the previous government and put the matter, along with many other matters dealing with the raising of revenues at the local level and at the provincial level, before the Fair Tax Commission. That is where it stands.

**Mrs Marland:** The reason I am asking you and not the Minister of Municipal Affairs is that you are responsible for the provision of shelter in this province. I just want to know how you feel about that philosophically, knowing that it is an impediment to reducing the cost of housing when you look at how much a development levy is on the new home owner today?

**Hon Ms Gigantes:** It depends where you are as to how much it is.

**Mrs Marland:** How about Peel? The last figure I heard was around \$9,000 or \$10,000. It does not matter where you are, it is still an additional charge. I am asking you if philosophically you support that.

**Hon Ms Gigantes:** I am not going to make what would be a philosophical answer. I would certainly be interested in seeing what facts the Fair Tax Commission brings to bear on this and also to see what happens in the debates that are going on in municipalities around the province on this very item, because I do not think I am an expert in this matter. Is it a fair way? Does it impede the development of housing? It may, in some instances. In other instances it may have very little effect. So, I would like to—

**Mrs Marland:** That was the cost of housing, not the development of housing.

**Hon Ms Gigantes:** It may be both.

**The Chair:** Thank you, Minister.

**Mr Daigeler:** One thing is clear, when you are in government you can be less philosophical, but perhaps it is a good thing. As a sort of semiphilosopher myself—

**Hon Ms Gigantes:** I was not around for previous discussions of this matter.

**Mr Daigeler:** I will get back to some of the hard facts and away from the philosophy. On page 1 of the estimates book, on the housing and rent review operations, you have



a very significant increase, the \$216 million increase over last year's estimates. What does that significant increase relate to?

**Hon Ms Gigantes:** It relates to our production of housing.

**Mr Daigeler:** The new 10,000 units? Where is that coming from?

**Mr Casey:** Probably one of the key areas. If you look through the book you will see very significant increases in the non-profit housing subsidy and because, at this time, we are seeing—

**Mr Daigeler:** The ones coming on stream?

**Mr Casey:** Yes, coming on stream from the various programs, federal-provincial, P3000, P3600, Homes Now and so on. You are going to see these kinds of massive increases coming through over the next few years as the programs deliver the housing, they become completed and subsidy starts to flow.

In 1988, or whenever we announced Homes Now, it did not mean you were flowing much subsidy at that time. As I noted last week when I was here, it takes you 30 to 36 months from the time you actually see that unit allocated to the time it is completed and subsidy starts to flow. Consequently, as that occurs and as those projects move through the system and get completed, a big bulk is coming through at this point and you are starting to see massive increases as those subsidies close.

**Mr McGuinty:** To follow up on something my colleague Ms Poole, the member for Eglinton, made reference to earlier, my question has to do with the campaign promise. Maybe the best way for me to deal with this is that I will make a number of statements and you can stop me if you disagree with me.

First of all, the promise contained in the Agenda for People says that New Democrats would bring in rent control. That means one increase a year based on an inflation. There would be no extra bonuses to landlords for capital or financing costs. That was a promise made in the context of an election, and the purpose of that promise was to garnish support, to act as an incentive or an inducement to get a vote. It is the consideration. Now, the Agenda for People, I am sure you would agree, was widely circulated. Many, many people became familiar with the Agenda for People and certainly many people relied on that promise in voting for the NDP. I know, because approximately 50% of my constituents live in rental properties and I had to deal with this on a regular basis. I assume, Minister, that you yourself campaigned on the basis of that promise. Now you have not fulfilled that promise and Bill 121 does not make provisions to fulfil that promise. So just for purposes of the record, I want to ask you, Minister, do you intend to fulfil that promise?

1740

**Hon Ms Gigantes:** I think that Bill 121 represents our best effort. It will be amended, but it does represent the effort we thought was appropriate, having done extensive consultations on the question.

**Mr McGuinty:** Is it fair to say you have concluded it is not feasible to fulfil that promise?

**Hon Ms Gigantes:** As you are aware, the discussions we had with landlords and tenants around this province made us feel that the provisions we have put forward in Bill 121 would be a better approach.

**Mr McGuinty:** Would you recommend making that kind of a promise in the next election?

**Hon Ms Gigantes:** In the next election I hope we will have in place a permanent system of rent control worthy of the name and that tenants and landlords in Ontario will feel it is a system that works well for them. So I do not see that we need a promise.

**Mr McGuinty:** I am not sure if I have pinned you down or not. Thank you.

**Ms Poole:** Since we are fast running out of time, perhaps I could ask for a written response to these questions.

The document outlining the 1991-92 expenditure constraints, vote 2103, item 7, talks about reduced requirements for anti-recession program projects. I am quite dismayed to see that \$1 million has been lopped off the low-rise rental rehabilitation program and another \$1 million lopped off the rooming house rehabilitation program, which were pilot projects set up in Toronto and Ottawa. I would like an explanation of why in this time of need to rehabilitate our aging housing stock we are cutting money off those two particular programs. I would have hoped the reverse would happen, that you would actually be putting more money into them.

The third item along the same line refers to deferral of selected 1991-92 maintenance and repair projects until fiscal year 1992-93. Another \$2 million lopped off and deferred maintenance actually ends up meaning much more extensive and expensive maintenance down the line, as your party has said many times in rent control hearings.

I would like written answers as to why those particular programs were chosen for cuts when the need is so great. Finally, on page 21 there is a reference to repairs to the public housing portfolio, showing that from last year to this there would be an estimated 35% increase. What I would like to know, Minister, is how can you justify this kind of money going into the public housing repairs and in the same breath tell private sector landlords trying to do the same type of repairs they are going to be capped at 3% per year? I would like some sort of rationalization how you can say those two things in the same breath.

**Hon Ms Gigantes:** Coming from Ottawa, and because of past experience, I have a particular interest in rooming houses. I know that in this case it just simply has been difficult for the city, which is carrying the rehabilitation project, to get organized to spend that money by the end of the fiscal year. I have been nagging them because I would like to see it spent and they have been pushing hard, but it has just been very difficult. This is not something where there is an awful lot of expertise and program development in place. They have worked at it, but not as fast as we had hoped.

**Ms Poole:** Was there no consideration of rolling this \$1 million into the low-rise rehabilitation program?

**Hon Ms Gigantes:** No. We looked at each program on its own. We were not looking for new ways to spend the money.

**Ms Poole:** I would be very interested in getting the written comments, particularly about the low-rise rehabilitation and the public housing stock repairs.

**Hon Ms Gigantes:** Good enough.

**Ms Poole:** Thank you.

**Hon Ms Gigantes:** Mr Chair, just for a second—I have been given information by Arnie Temple which I think I should share with committee members, even though—

**The Chair:** No, Madam Minister, by agreement we have allowed Mrs Marland the opportunity—

**Hon Ms Gigantes:** Would you be kind enough to read that?

**The Chair:** No, I have already discussed this with you. I recognized Mrs Marland, and will come back to you, Minister, before the bell. Please proceed, Mrs Marland.

**Mrs Marland:** Madam Minister, all the discussion of your government has revolved around rental accommodation in terms of shelter, and I just wonder whether you are happy to see the people in this province live in apartments and rental accommodation for the rest of their lives, or would you like to tell us what you are doing to help people buy their first homes?

**Hon Ms Gigantes:** At this stage we do not have particular programs developed to help people purchase homes. In the past, as you are aware, governments have from time to time in Ontario provided grant programs to help people make a down payment on a first home. As you are aware, they have some benefits and they have some drawbacks. We discussed this two or three days ago.

**Mrs Marland:** We did not discuss it in very much detail, and I was giving you an opportunity to say what you would like to do to help people buy their first home, or are you just happy to spend all your ministry manpower and money resources on rental accommodation?

**Hon Ms Gigantes:** As I indicated to you in our earlier discussion, the private sector has had a long tradition and an active policy position of producing housing without government involvement. Where we have been involved in the past, as again you will be aware, has been in a very limited way in direct support for the private sector. Tax policies and so on are another matter, but in terms of programs it really has been a focus of the Ministry of Housing, as long as I have been aware of it, to try to make sure that those people who were not in a position to own a home and who were not the wealthiest of tenants were going to be able to find housing which was suitable and affordable.

**Mrs Marland:** But do you not think we are creating more and more tenants because they cannot get out of that rental situation because they cannot afford to buy that first home? With all the manpower, womanpower, brainpower that is your resource, as the Minister of Housing in this province in 1991 do you not have any programs you are even discussing that will help those first-time home buyers? You seem to be happy to spend \$250,000 building a unit in Ataritari which will be rental for the rest of its life as a building. Would you not be—

Interjection.

**Mrs Marland:** I certainly would, if I were the minister. I am trying to encourage this minister to tell us whether she wants Ontario to be rental housing for ever, or if she can develop a program to help those first-time home buyers who can afford the rent but cannot afford a major down payment to start with.

**Mr Perruzza:** Sixty thousand dollars?

**Mrs Marland:** Would you stop interrupting, Mr Perruzza?

**Hon Ms Gigantes:** We have an agreement, Anthony. 1750

**Mrs Marland:** Is that your vision for Ontario, where young couples will never be able to afford to buy that first home because you cannot work with them and with the private sector to find a way of financing their entry into that first home purchase? There are lots of great homes on the market now around \$150,000, even in the greater Toronto area. Are you not contemplating any way of helping those people?

**Hon Ms Gigantes:** In Ontario I think it is probably traditional that about 40% of households have rented their accommodation. In my view there is nothing wrong with living in rental housing all your life, and in fact, if you go to other provinces, you will find different patterns of setting up households. In Quebec, for example, the level of rental households is higher than here. There is a cultural thing attached to it. You are saying to me, "Do you think this should be a priority area for you at this stage?" I will say to you, no, I would not put it as a priority area. I look upon the question of providing suitable and affordable housing to people in core need of suitable and affordable housing as a priority.

**Mrs Marland:** That is a pretty profound statement, that it is a cultural thing for people to be paying rent and therefore paying their hard-earned dollars into somebody else's investment, and it is very interesting—

**Hon Ms Gigantes:** Well, it is one way or the other. Excuse me, I have a friend who says—

**Mrs Marland:** Excuse me, I have not finished.

**Hon Ms Gigantes:** If I could comment—

**Mrs Marland:** I think it is very interesting for the Minister of Housing to make that statement, because obviously you are not interested in doing anything to drive the recovery of the economy by—

**Mr Farnan:** That is nonsense.

**Mr Perruzza:** It certainly is. Mr Chairman, you are allowing people to engage in philosophical—

**The Chair:** Mr Perruzza, do you have a phone call to make? Would you help the committee? Do you have a phone call to make, Mr Perruzza?

**Hon Ms Gigantes:** We have an agreement here. We had better stick to the agreement; it will make life simpler.

**Mr Perruzza:** No, Mr Chairman, I do not have a phone call to make.

**The Chair:** It is a rare moment. Order, Mr Perruzza.

**Mr Perruzza:** Mr Chairman, are you asking me whether I should be leaving?



**The Chair:** We have the option to call the Sergeant at Arms if you persist in being disruptive, but we are very much in need of order, Mr Perruzza. Mrs Marland?

**Mrs Marland:** Madam Minister, we have heard a lot of rhetoric from your party in opposition about, "The poor people who can't get out of rental accommodation, and the poor people who can't afford to get into the housing market at an entry level because they can't afford that first house." We heard it for the first two years that I was here from 1985 to 1987. It certainly was continued by your party in the last three years, and now you are the government you are saying it is okay to have the percentage—you said it is 40% in Ontario now—that high for rental accommodation because it is actually higher in Quebec.

What I am asking you is, why would you want to sentence people to life to be paying into somebody else's investment, which is what they do with rental accommodation? Why would you not want to help people buy their first home, is my simple question?

**Hon Ms Gigantes:** If I could put it this way, when I said to one of my friends, "Congratulations, James, on buying your house," he said, "I haven't bought a house, I'm renting money." Some people who can afford to can make a choice: They can rent money from a bank or trust company and they can call themselves home owners, or other people will decide, in preference, to rent a house if they have the money, even though they might own it and pay to the bank. Most people cannot afford to pay cash for their houses, and so you are talking about different ways of financing your household costs. You can get rental accommodation which is as luxurious as you want it—there is a full range. When you say to me that it is terribly important as a societal thing that people be able to free themselves—

**Mrs Marland:** Have the choice, if people have the choice.

**Hon Ms Gigantes:** —from rentals, there are benefits and disbenefits to rental as there are to so-called home ownership, for most people. I think most people who took out a mortgage in the middle 1980s, or right now, are likely to pay it off for most of their lifetime. Costs for housing are extremely high, and I do not have the kind of philosophic impulse that you do to say that purchased housing is better or that owing the money to the bank instead of the landlord is better.

**Mrs Marland:** At least in purchasing a home, Minister, you are investing in your own equity, and you obviously do not see that as an opportunity for people in Ontario. You are not even willing to help them have the choice of paying rent or investing in their own equity. Sure, nobody pays cash for a house; we know all that. But why do people, if at all possible, put themselves in the

position where they want to buy that home? Because they are building their own equity, and obviously you do not agree with that.

**Hon Ms Gigantes:** Sure I do.

**Mrs Marland:** Then why do you not do something to help them?

**Hon Ms Gigantes:** That is what we have done in our family. I do not think it is a priority.

**The Chair:** On this very positive note, since we all live in a democratic and free society and we all issue our asset statements with the conflict commissioner, it is freely there for everyone to see, those of us who are tenants and those of us who are landowners. Therein, we vote with our feet in this province. On that very positive note—

**Mr Perruzza:** Mr Chair, I do not understand that.

**The Chair:** You do not understand that, Tony?

**Hon Ms Gigantes:** Let's do our votes.

**The Chair:** I will talk to you later, Tony. I can even do you a diagram.

We have completed all but 45 minutes of our estimates. I want to thank the committee for their assistance in getting us through today, which was a difficult day with House business. Therefore, if the committee is ready, I would like to call the votes, and I will combine them if I may.

Votes 2101, 2102, 2103, 2104, 2105 and 2106, inclusive, agreed to.

**The Chair:** Shall the estimates of the Ministry of Housing for the year 1991-92 be reported to the House without amendment?

Agreed to.

**Hon Ms Gigantes:** Mr Chair, could I provide information for the committee members?

**The Chair:** I will speak to this issue, and could Mr Arnie Temple advise us who advised him, on Treasury Board, that only increased estimates are reported?

**Mr Temple:** It is my understanding that this has been the practice for a number of years, and my own staff have confirmed that this is the procedure that has been followed.

**The Chair:** Was it your own staff or did you check with Treasury Board?

**Mr Temple:** That is the policy of Treasury Board.

**The Chair:** Okay, you can give us the name of the person. That does not square with information the committee has.

This committee stands adjourned until 3:30 tomorrow, October 16, at which time we will begin estimates of the Ministry of Transportation.

The committee adjourned at 1759.

## CONTENTS

Tuesday 15 October 1991

Ministry of Housing . . . . .	E-499
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### STANDING COMMITTEE ON ESTIMATES

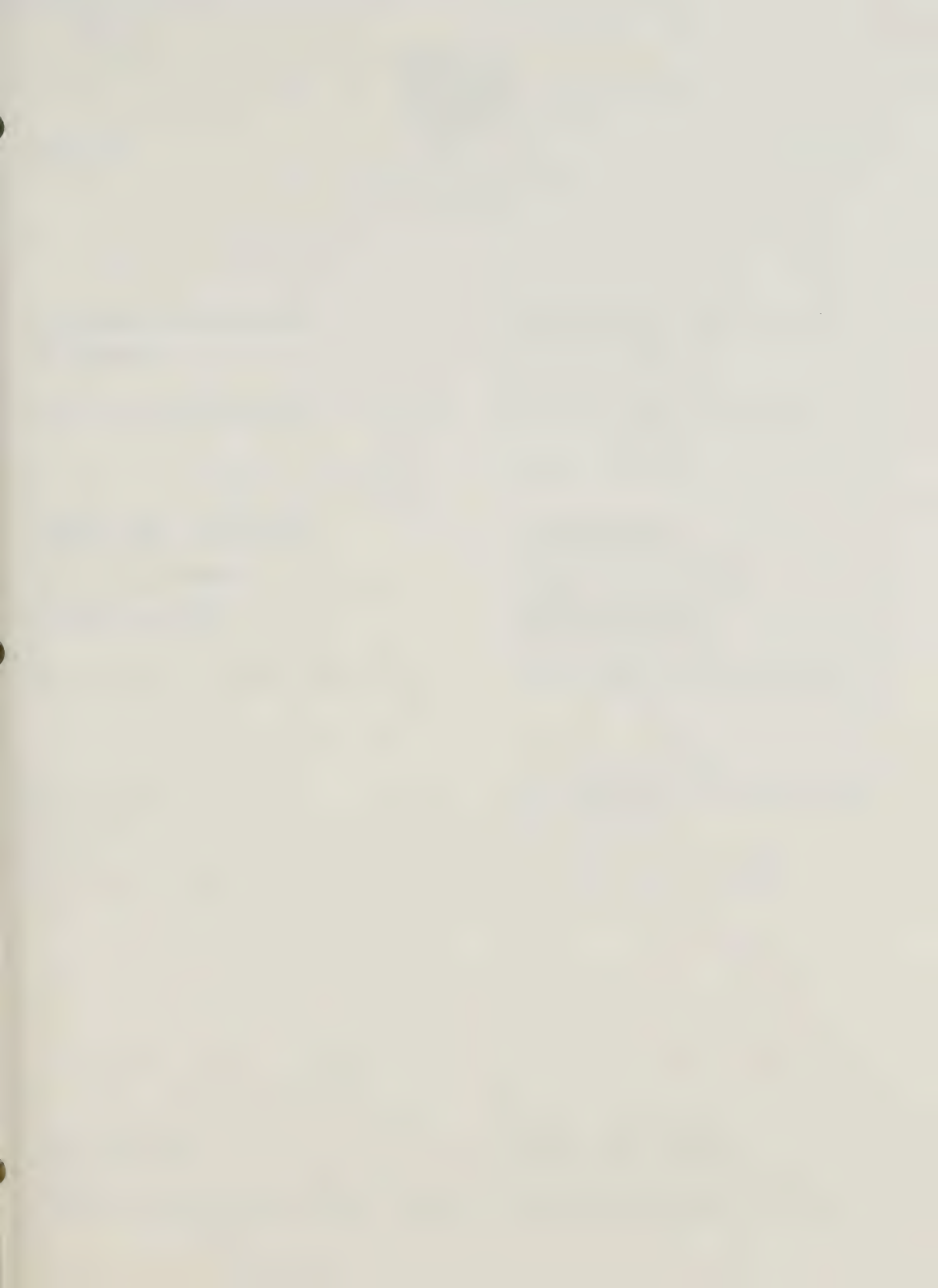
**Chair:** Jackson, Cameron (Burlington South PC)  
**Vice-Chair:** Marland, Margaret (Mississauga South PC)  
Carr, Gary (Oakville South PC)  
Daigeler, Hans (Nepean L)  
Farnan, Mike (Cambridge NDP)  
Johnson, Paul R. (Prince Edward-Lennox-South Hastings NDP)  
Lessard, Wayne (Windsor-Walkerville NDP)  
McGuinty, Dalton (Ottawa South L)  
McLeod, Lyn (Fort William L)  
O'Connor, Larry (Durham-York NDP)  
Perruzza, Anthony (Downsview NDP)  
Wilson, Gary (Kingston and The Islands NDP)

**Substitution:** Poole, Dianne (Eglinton L) for Mrs McLeod

**Also taking part:** Coppen, Shirley (Niagara South NDP)

**Clerk:** Carrozza, Franco











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## Legislative Assembly of Ontario

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## Official Report of Debates (Hansard)

Wednesday 16 October 1991

Standing committee on  
estimates

Ministry of Housing

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Première session, 35<sup>e</sup> législature

## Journal des débats (Hansard)

Le mercredi 16 octobre 1991

Comité permanent des budgets  
des dépenses

Ministère des Transports



Chair: Cameron Jackson  
Clerk: Franco Carrozza

Président : Cameron Jackson  
Greffier : Franco Carrozza

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## Table of Contents

Table of Contents for proceedings reported in this issue appears at the back, together with a list of committee members and other members taking part.

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## Table des matières

La table des matières des séances rapportées dans ce numéro se trouve à l'arrière de ce fascicule, ainsi qu'une liste des membres du comité et des autres députés ayant participé.

Il existe un index cumulatif des numéros précédents. Les renseignements qu'il contient sont à votre disposition par téléphone auprès des employés de l'index du Journal des débats au (416) 325-7400.

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON ESTIMATES

Wednesday 16 October 1991

The committee met at 1535 in committee room 2.

### MINISTRY OF TRANSPORTATION

**The Chair:** We are convening to begin seven and one-half hours of estimates for the Ministry of Transportation. I would like to welcome the minister today. As is our custom, and in accordance with our House rules, we would afford you up to 30 minutes to make your opening statements. We will then recognize the critic for the official opposition, who will have up to 30 minutes to respond, and then the critic for the third party. Following that sequence, we would afford you an opportunity to respond to the questions they have raised.

I would ask you to introduce those who have accompanied you here to the table. As members of your ministry, they are invited to respond and to identify themselves and their position when they come forward when called upon by you to be of assistance.

**Hon Mr Pouliot:** Thank you very kindly. It is a pleasure being here. With us today are: Pat Jacobsen—most of you know Pat, she is our deputy minister—David Guscott, Margaret Kelch, Norm Mealing, Carl Vervoort, Bob Cohen, Graeme Barr, John Menary, Joan Cappa, Mary Anne Henderson, Marj Welch and Tom Smith. It is a field of experts. They are part of our 10,000 employees across the province and they offer a dedicated service—I can attest to that personally—very often going beyond the call of duty. They are here to serve the public of Ontario via the representation that members of the committee give their constituents and their respective parties.

I intend to take a few minutes to talk about the importance of transportation to Ontario and about some of the activities being undertaken by our ministry. The people of Ontario require safe transportation systems and services which enhance quality of life, are environmentally responsible, promote Ontario's economic competitiveness and provide a high level of customer service.

There are very few sectors as important as transportation to Ontario. Transportation provides a means for every resident of this province to participate in increasing our economic prosperity and social development. Every household, business and public agency depends on transportation. From the residents of Fort Severn on the shores of Hudson Bay in my riding to the people of Pelee Island in southwestern Ontario, every Ontarian depends on well-developed and co-ordinated transportation systems to get to schools or to work, to visit the doctor or to enjoy recreational and social activities.

Our ministry's job is to continue development of an overall transportation network that satisfies Ontario's current and emerging needs.

Tout le monde dans cette province peut être fier de nos systèmes de transports. La population de l'Ontario a été bien

servie par les employés qui composent le ministère des Transports et par les 300 000 travailleurs et travailleuses de l'industrie des transports : les pilotes d'avion, les conducteurs des transports en commun, les préposés aux ventes de billets, les chauffeurs de camions, les employés des chemins de fer, les marins, les mécaniciens et les préposés à l'entretien des routes.

Just a few weeks ago, many past and present employees joined in celebrating the ministry's 75th anniversary. Ministry employees can truly take pride in their work and their accomplishments over the past 75 years. When the Department of Public Highways was created in 1916, it was responsible for roads, bridges and vehicles. Today, the ministry is responsible for an integrated transportation network involving all types of transportation systems, rail, road, water and air. It is indeed a huge responsibility.

As we move towards the 21st century, there are many changes taking place in our society that we must be prepared for: an aging population, new economic relationships and pressures and the growing multicultural nature of Ontario. The ministry is responding to these evolving social priorities by making some fundamental changes in the way it does business. For example, our approach is changing away from a focus on individual types or modes of transport to a more integrated, efficient and environmentally sensitive transportation network. Part of this process will make the ministry even more responsive to the needs of the people of Ontario as we move into the next century.

One way this will be accomplished is through our recently established customer services and communications division. It is being designed to provide a way for the public, the taxpayers of Ontario, to obtain information and service from the ministry in a way that is efficient and convenient for the customer. We will become better able to respond to the needs of people in individual regions and communities by giving them greater input into the decisions that affect them. Our field operation staff will have greater autonomy to respond to local conditions. In short, we will provide even more effective and responsive service to the people of Ontario.

We are developing a more comprehensive approach to long-range transportation planning. It will focus on the people who use the transportation system and on how we can give them the most convenient, efficient and cost-effective services possible.

The development of a common vision of Ontario's transportation future began during the last fiscal year. The activity, which we call Getting There, is gathering input on future priorities from the people who provide and use Ontario's transportation services. This input will be used to develop the vision. In turn, the vision will enable the development of a long-range provincial transportation plan. Staff at all level made suggestions on what they foresee as

major issues and future priorities. This input is now being analysed in preparation for the next phase of Getting There. The phase of consulting with the public to obtain their views on Ontario's future transportation needs is to begin this winter.

Throughout this process and all other ministry activities, we have certain priorities. In all that we do, safety, both for the traveller and for the environment, is a key component. Creating jobs and other economic opportunities for the people of Ontario are also major considerations. Transportation can and must contribute to the fulfilment of the social and economic goals of Ontario and its people. A good transportation network is vital for Ontario to achieve economic renewal and sustainable prosperity. Ontario's highways, rail, air and water transportation systems are an investment in our future. Our planning is a dynamic process that takes into account new technologies, issues and social changes.

Turning to specifics, each member of this committee has received a copy of our estimates book. The information provided is far more comprehensive than ever before, so I will not go into detail on all our program areas.

The total Ministry of Transportation budget is \$2.84 billion, of which just over \$2 billion is capital spending. More than half of the capital funding, almost \$1.3 billion, is transfer funds, primarily for municipalities for such things as roads and transit. Our operating budget totals \$819.9 million, with \$323.2 million designated as transfers, primarily to municipalities for transit operations. This leaves the ministry with an actual operating budget of \$496.7 million.

Our operating budget has increased by \$56.9 million, or 7.7%. On the capital side, we show an increase of 16%. These increases are an indication of the importance this government places on transportation.

The capital budget of \$2 billion will create the equivalent of one year of work for almost 60,000 people. On the operating side, we have 10,000 employees all across Ontario. In the north, our ministry is one of the largest employers, with 2,000 workers and a payroll exceeding \$87.5 million.

Some of the capital funding involves more than \$80 million in spending carried out under the anti-recession program. The largest portion of our anti-recession funding was used in our municipal roads program. This allowed the money to be used where it would do the most good: providing jobs in communities throughout the province.

The projects ranged from road reconstruction in Hornepayne township and the city of London to culvert replacement in the village of Beachburg. We provided \$55.8 million which in turn created a total of 46,500 weeks of work and completed many very necessary local projects.

Funds from the anti-recession programs were also used to expand truck parking facilities at six services centres along Highways 400 and 401 as part of our initiative to help Ontario truckers. We also made improvements to ministry driver and vehicle centres across the province to make the offices more accessible for persons with disabilities.

As I mentioned a few moments ago, safety is the primary consideration in all our activities. We work closely with all groups involved in safety, particularly in respect to traffic.

Our statistics show that a higher percentage of young drivers become involved in crashes and collisions. This is why one of our key communication activities this year was a major advertising campaign aimed at younger drivers. It involved some very graphic messages. Before starting the campaign, we asked young people what kind of message would get their attention. They told us the messages would have to be strong. I think we succeeded.

In co-operation with police forces across the province, we also actively promote the use of seatbelts and child safety seats. This spring, seatbelt use rose to 80%, up from 72% a year ago. It is not enough, but ours is a record of improvement and shows our messages are reaching people.

Efforts to improve truck safety are ongoing. We have increased our enforcement efforts on Ontario's roadways. Again this year our ministry participated in an annual 72-hour truck safety blitz that is part of a campaign across Canada, the United States, Mexico and Puerto Rico. Here in Ontario more than 2,000 trucks were checked by our inspectors during the blitz.

We have announced that effective in January, Ontario will require annual safety inspections for commercial motor vehicles and trailers. All other provinces are implementing similar programs as part of a national movement to improve highway safety. The federal and provincial trucking industries are participating in developing the standards to be followed. Most trucking companies and their drivers are concerned about safety and work with us to bring about improvements.

We are also working with the trucking industry in an effort to find solutions to some of the problems that are having a serious impact on the industry, especially the individual owner/operators. Competition from American truckers, deregulation, and the recession have led to serious financial problems for many Ontario truckers. The stress and trauma on individuals and their families is horrendous. As part of our efforts to find solutions to the challenges facing the Ontario trucking industry, we recently published a consultant's study into transborder freight movement. The report indicates Ontario's truckers are at a competitive disadvantage relative to their American counterparts and identified 23 possible options for industry and government. The report will help us work with all sectors of the industry including owner/operators to improve Ontario's position and develop the long-term strategy for its revitalization.

As most members of this committee are aware, the riding I represent, Lake Nipigon, is the largest geographical riding in Ontario, with its 114,000 square miles going from the native community of Moberg to the shores of Hudson Bay, the northernmost community in the province, the community of Fort Severn. Simply put, Mr Chair—and I know you are concerned and you can appreciate this—if you were to add Prince Edward Island, New Brunswick and Nova Scotia and multiply by two, that would be the equivalent of the riding I have the honour of representing. Therefore you will share with me the need for our ministry's remote airport program and what it has meant for the good people of Fort Severn, for instance.

**The Chair:** As well as your trips to the constituency.



**Hon Mr Pouliot:** Indeed. Thank you very kindly.

To leave the community of Fort Severn and venture south, in relative terms, we have completed new airports now at Wapakeka and also at Wunnumin Lake, giving people an opportunity to be like others, giving them the right in this great province of ours to look at the future with confidence, making commodities and essentials such as food a little more affordable, giving them the sincere belief that they will leave the conditions that plague them, conditions that in Ontario in 1991 still resemble the Third World.

1550

I cannot overemphasize the importance of small, remote airports. There is no alternative; it is the only game in town. It costs so little out of a budget of \$2.8 billion that if there was ever a case in need, a case where value for money found its true significance, it is the remote airport program of the Ministry of Transportation. Therefore, it is only natural that we in the north know the value of a community airport. It is in many cases, as I have briefly indicated, our lifeline. Medical care is now more accessible. I cannot overemphasize the value of fresh foods, which are now available year-round. People can visit friends and relatives in other communities. They also create business and employment opportunities.

In other parts of the province, we assist municipalities in the operation of their airports. This year we are helping complete new airports in Barrie, Owen Sound, Hanover-Walkerton and Temagami. These airports will provide new opportunities for economic development in their communities and, in turn, help create new job opportunities for the people of Ontario.

The residents of Pelee Island, the southernmost point of Ontario, will benefit from the new ferry being built to serve their communities. This vessel will make it easier for islanders to visit the mainland, and for tourists to visit the island. This will provide new job opportunities on Pelee Island. The \$26.5 million contract to build a ferry was awarded to Port Weller Dry Docks, boosting job creation in the Niagara Peninsula. Right now 235 people are working on the vessel.

Under our provincial highways program, we are carrying out construction and rehabilitation projects throughout the province. By far the largest project is construction of the new Highway 407. This multi-year project will relieve congestion on other highways and roads in the greater Toronto area. This project will benefit more than just the people of the Toronto area; it will provide an alternative route to bypass Toronto and Highway 401, North America's second-busiest freeway.

In northern Ontario, we are repairing and repaving almost 500 kilometres of highways. The funding for construction projects in the north comes from the Ministry of Northern Development and Mines. Staff from our ministry undertake the work. Other major highway construction projects include widening of Highway 401 in the London area and Highway 7 in the Kitchener area and construction of the new Champlain Street interchange on Highway 17 in Ottawa.

Although it is not included in the estimates for the current fiscal year, we expect to tender construction of a new interchange at the intersection of Highways 124 and 69 near Parry Sound next spring. We have fast-tracked this

project because of the serious collisions that have occurred at this intersection. In the meantime, we have reduced the speed limit in this area and installed traffic lights at the intersection. In addition, the Ontario Provincial Police continue their enforcement blitz at the intersection to help reduce the danger. Our ministry recognizes the need to upgrade Highways 69 and 11. Work is already under way on planning and design for both of these highways, and we are moving as quickly as possible.

I should point out that from the time we begin planning to the actual start of construction the time frame can vary from seven to 10 years. This applies to all roads, not just Highways 69 and 11. This time frame is necessary because several factors must be considered before construction begins. For example, the environmental impact of the project must be considered. As with all ministry construction projects, environmental assessments must be carried out to ensure that the impacts on the natural and cultural surroundings are fully understood. Where necessary, appropriate mitigating or remedial steps are taken.

We must also allow time for public input in the planning process and in the environmental review process. In addition, lead time for property acquisition may be necessary. To deal with people fairly, we must look at all reasonable alternatives before we make a final proposal to land owners if it is determined that private land holdings are required. In these situations, we must properly determine fair market value. We also consider the impact on local businesses. These processes take time, and I must stress that this time and effort is appropriate.

Our ministry is recognized around the world as a leader in the area of transportation research. This year we will spend close to \$12 million on research into such things as highway safety, construction, alternative fuels and transit vehicles.

Au cours des 75 dernières années, notre ministère s'est distingué comme chef de file en Amérique du Nord en assurant des services de transport qui visent aussi bien à renforcer une économie prospère qu'à respecter un environnement sain. Nous employons plus de 50 personnes qualifiées dans des domaines aussi divers que la pollution par le bruit, l'archéologie, l'histoire, les pêches, en plus de la gestion des déchets et des sols pour mener à bien notre mission en matière d'environnement.

In November 1990, the ministry launched a series of initiatives designed to encourage the greening of transportation in Ontario. We are continuing that effort this year. Motor vehicle emissions are a significant contributor to global warming, acid precipitation, urban smog and other serious environmental problems. Encouraging less use of private vehicles can reduce this environmental impact. One means of reaching that goal is to provide efficient public transportation systems. A major portion of our ministry's estimates is allocated to transit under two major programs: provincial transit and municipal transit.

The provincial transit program covers the operations of GO Transit, which each weekday carries 130,000 people to and from their jobs and other activities. GO Transit is undertaking a number of major capital expenditures this year, including service extensions on a number of routes. GO is

also conducting a program to improve platform access for persons with disabilities.

Ontario is a leader in municipal transit. We provide operating and capital funding to 78 conventional and 125 special transit systems across Ontario.

One of our long-term goals is to make conventional transit systems more accessible to persons with disabilities and to elderly and frail persons. It is important to remember that accessibility also means getting the passenger to and from his or her destination at times that are convenient. Our ministry is looking at a variety of ways to meet the transportation needs of elderly and disabled persons. As well as specialized transit services, we have programs to support features on conventional transit vehicles that allow easier access, such as more hand rails, low floors and better lighting. This program is called Easier Access.

It is important that our programs are tailored to the needs of local communities and increase the transportation options of all transit users. Our vision of the future is integrated, accessible transit systems bringing all these services under one umbrella to co-ordinate policies, planning and operations.

We are working with the Ontario Urban Transit Association to raise public awareness of the program to make transit more accessible, now that several demonstration projects are coming to an end. We hope to see the association taking a greater role in introducing Easier Access service in more municipalities. We also hope to involve citizen and consumer groups in these efforts.

Last November, we announced a number of initiatives designed to bolster public transit, especially in the greater Toronto area. We also confirmed our support for transit infrastructure improvements included in the Let's Move program. This is North America's largest transit-building program. It includes three new subway and rapid transit lines, two extensions of existing lines, three new streetcar routes and a busway linking Mississauga and Toronto. With an anticipated population increase of two million people in the greater Toronto area over the next 20 years, this is definitely a step in the right direction.

I want to make it clear we believe in public transit, wherever feasible, throughout Ontario, not just in the Toronto area. Each and every transit system in Ontario is an important part of our overall transportation network. That is why the 1991-92 allocation for the municipal transit program is close to \$500 million, an increase of 18% over last year. This capital allocation covers a variety of projects, including a reserved bus lane in Mississauga, passenger terminal work in several communities and the purchase of new buses in over 30 municipalities.

There is also funding available for other initiatives, including environmental assessment studies for some of the Let's Move projects and improvements to the TTC's subway service reliability. We are also backing up our commitment to transit for disabled persons, whose transportation needs are increasing rapidly. This year's allocation is about 23% more than last year. That will attest to our commitment.

1600

While we continue to work on a comprehensive approach, we have set aside funds to address the following

areas: new Easier Access features, demonstrations of the community bus concept, support for accessible taxis, and development of new computer applications.

Ontario is a world leader in transit innovations, whether it be special services for disabled persons or new developments in mass movement of people. We have unlimited opportunities to market not only our vehicles and systems but also our technology and expertise. We have an excellent transit industry. It is one of the best in the world, with good systems and innovative services. Much of the credit for that excellence belongs to the transit systems. They have anticipated and responded to the trends that have changed the face of transit in our province.

We are working with several transit operators in the assessment of alternative fuels, including methanol and natural gas. We are also working closely with Ontario Bus Industries on development of low-floor buses powered by hybrid power sources such as electricity and natural gas.

Ontario's position as a leader in transit has not gone without notice. Gerry Johnston, our assistant deputy minister of planning, was recently named the 1991 winner of the American Public Transit Association's State and Local Distinguished Service Award for his three decades of leadership and vision in North America. To further mark Ontario's status as a transit leader, the American Public Transit Association held its annual meeting here in Toronto just a few weeks ago. The 3,000 delegates from all over North America were most impressed by our commitment to transit.

Seventy-five years ago, our ministry's first employees set about locating, designing and building the backbone of the excellent highway system we now enjoy. Over the past 30 years, traffic volume in Ontario has increased by nearly 60%, and the number of passenger vehicles increased by 156%. About 6.3 million people are now licensed to drive in Ontario. The capacity of the provincial highway system is currently being stretched to the limit, as roads throughout southern Ontario become increasingly congested. Unfortunately, clogged transportation arteries make the movement of Ontario's economic lifeblood more difficult, and that can adversely affect the province's economic performance and overall quality of life.

Our ministry's staff are dedicated to bringing Ontario's future transportation needs into clear focus. For us, the key to contributing to economic growth and social prosperity is to ensure that safe, efficient, accessible, reliable, technologically sound and environmentally sensitive transportation continues to be one of Ontario's major strengths.

Our society and the transportation system serving it have changed dramatically over the past 75 years. They will probably change even more in the next 75 years. The Ministry of Transportation is ready to respond to Ontario's evolving transportation needs.

Mr Chairman, members of the committee, this is our ministry's initial presentation.

**The Chair:** Thank you very much, Minister. As always, very colourful, almost romantic, the way you present your estimates each time. You have outdone yourself. I thought Mines was an exceptional presentation and really enjoyed that.



**Mr O'Connor:** I do not believe the written Hansard does justice to the essence of his speech.

**The Chair:** He was quite something with Mines.

**Mr Daigeler:** This might be something on which the Conservatives disagree with the Liberals.

**The Chair:** We will see what you thought of those opening statements. I invite Mr Mancini now to use his allocation in any way he wishes.

**Mr Mancini:** I am pleased to have the opportunity to respond to the minister and to make opening comments on behalf of the Liberal Party in the Legislature. As this is my first opportunity to do so, I want to congratulate the minister on his recent appointment and I look forward to working with him.

I have to say, as my colleague Mr Daigeler has already pointed out, that we were not quite as enamoured with the minister's opening statement as others in the room may have been. As we listened to the minister's statement, I was particularly concerned with its shallowness. The minister makes a comment on page 5, where he refers to the estimates book and says, "The information provided is far more comprehensive than ever before, so I won't go into detail on all our program areas." I think the minister has used that as an out. I have gone through innumerable estimates hearings on the Ministry of Transportation going back to the 1970s, and I do not believe the information that has been provided to us by the minister is any more comprehensive than former minister James Snow, who was minister for a decade, provided to the committee, or others did who followed him in the mid-1980s and early 1990s.

As my colleague Mr Daigeler has pointed out to me, the only noticeable difference we see is that a number of very colourful graphs have been used. For a person like me, who has great difficulty following charts and a lot of numbers in a very small area—I will not go into details about why—I appreciate the colourful graphs. I have to say to the minister that it is certainly an improvement on what we have had in the past.

I also want it to be very clear in my comments early on that whatever criticisms I have, unless specifically directed, are not directed to ministry staff but to the minister, who is the representative of the government and who, through his position, uses his influence to put forward policy initiatives, if there are any. So unless specifically directed by me, I want to assure the staff that my comments are directed to the political masters in the Legislature, who must take responsibility for what goes on in each and every ministry. I think the minister understands me when I say that.

This estimates procedure in this particular committee is new to me. The last time I attended an estimates hearing it was in a regular committee and both the minister and the opposition critics had far more than one half-hour to respond. I feel considerably restrained by the 30-minute framework that probably was agreed to by the previous Liberal government, for whatever strange reasons I am not sure. But the 30 minutes, Minister, probably did not allow you to do justice to such a big ministry, and it will not allow me to do justice in responding to your opening statement

and bringing forward the many areas of concern and the areas where you and your predecessor have failed to respond in an adequate way.

Minister, last spring the former minister, your colleague, announced he had received an award for innovations in bicycling policy. At that time I raised the question of how the minister and the entire NDP government's record on transportation could possibly merit such an award. It was certainly an astonishing thing for us to witness, and to this date is still very clouded, as far as I am concerned.

I said to the Legislature at the time that this award could not have been given to the minister for the decision to give an engineering firm \$150,000 to ask the public what it thought of bicycling. As far as I can recall, there had been no announcements related to bicycling by the former minister or from this government. Looking beyond cycling, the awards could not have been given for the NDP's decision to leak the cabinet decision to cancel the Red Hill Creek Expressway. There are a lot of leaky, loose lips in cabinet. How is it that cabinet colleagues can give away secret cabinet information? I hope you remember the oath you took when you were sworn in as Minister of Transportation, the oath swearing you to secrecy and not allowing your cronies or your friends information worth hundreds of millions of dollars in advance of the general public.

#### 1610

Certainly, the minister could never receive the award for his cancellation of the long-promised and needed Red Hill Creek Expressway. We are going to talk a little bit about that expressway in these committee hearings.

As well, it could not have been for the NDP's decision to break the party's election promise to extend GO Transit rail service to Peterborough and Brantford, and we are going to talk about that in these committee hearings.

It could not have been given for the NDP's reannouncement of previous Liberal multibillion-dollar funding commitments for new transit services and highway construction. It could not have been given for reannouncing the previous government's announcements. Certainly that does not merit an award, nor does the reality that not one inch of new subway transit services will be built this year or next year, in my opinion, by the socialist government in charge today.

I am sure Ontario truckers would not have given your predecessor or you an award for having to face a 31% increase in diesel taxes from this year's budget. I am sure they do not feel the socialists deserve an award. I want to know from the minister why he failed to mention that in his eloquent representation to the committee this afternoon. Maybe he forgot about the 31% diesel tax increase that Ontario truckers are facing.

The fare hikes, layoffs and service cutbacks that we see going on at the TTC in my view do not justify any kind of award. The inaction of this government in leaving commuters stranded during the TTC strike left the public and all of us thinking that the last thing the NDP's transportation policies warranted was some kind of award.

What does the minister have to say about the strike that took place? Are you here to speak for the users of the transportation system or are you, like the rest of your

colleagues, here only to take instruction from the union bosses? We would like to know. We would like to know what you think about that. I cannot recall, sir, were you appointed prior to the strike? You were minister prior to the strike?

**Hon Mr Pouliot:** Prior to the legal work stoppage, I was indeed minister.

**Mr Mancini:** You were the minister. I cannot remember you saying a word; not a word.

**Hon Mr Pouliot:** With respect, one could not fault you.

**Mr Mancini:** I cannot remember the minister issuing a press release. Maybe it was overlooked by myself and my staff. I cannot remember the minister saying a word when we returned to the Legislature. Maybe he did and it was overlooked by myself and my staff. If that is the case, we apologize, but if that is the case, I would like to see and read what the minister had to say. It is too bad we do not have access to what the minister had to say in cabinet. Unfortunately, we are not allowed to know. Only people opposed to the Red Hill Creek Expressway are allowed to know in advance what goes on in cabinet.

These are some of the important issues which the socialist government has stumbled over in the past year in office and these are some of the areas which we will be pursuing, as I said earlier on, during the limited time we have in these estimates debates.

The record of this government on transportation has been one of breaking election promises, delaying necessary transportation initiatives for further study and driving up the cost of transportation services through taxes and mismanagement of our transportation infrastructure. During these estimates proceedings we hope to get the government to explain some of its transportation mismanagement decisions and we hope to be able to pressure it to do the right thing.

It is true, as the minister stated, that roads and highways are increasingly acknowledged as more than transportation corridors. They are routes to economic growth and development, but I doubt whether or not the socialist government understands what economic growth and development actually are and what they mean outside of the public and parapublic sector. The most recent government allocated significant funding for our municipal roads and our provincial highway system and our transit system.

We believe in an effective and balanced transportation system. It is critical that this take place for the future of this province, so that some day we may once again have a leadership role in economic growth, not only in Canada but in North America. At one time Ontario was looked upon as a jurisdiction of opportunity and economic growth, where the private sector had an opportunity to give jobs to people and pay taxes to the government.

The past Liberal government recognized the importance of a strong road system by significantly increasing funds for our local municipal roads in addition to supporting highway expansion. The Liberal commitment was evidenced in three successive budgets. In my view, the NDP socialist government's lack of action and planning and renewing our transportation services is leaving our economy waiting at the bus stop.

Transportation promises in the Agenda for People included GO Transit improvements and expansion announcements in the Golden Horseshoe area, authority for GO Transit to raise money on the bond market to finance capital costs for expansion, and \$100 million to four-lane the Trans-Canada Highway. Other transportation promises—and I want the minister to remember these; he had no trouble recalling them during the election—were featured in the Toronto Star transportation survey during the election, when everything was fair ball. They included a promise to increase the provincial share of TTC funding above 16%—I want to talk about that a little later on—and specific commitments to expand GO Transit service to Brantford and Peterborough. All these promises, all of them, have been broken.

In this budget year, in our view, there were no additional funding allocations for transportation needs, just reannouncements and reannouncements. As noted above, it is correct. It is too bad, Minister, that this committee does not have the time or money to have auditors brought in so that we could do comparisons with the way you have instructed your staff to move figures around so that you can pretend something is being done.

1620

**The Chair:** I would rather that you raise that kind of point in an exchange, when the minister can react to it.

**Mr Mancini:** Mr Chairman, I sat for 30 minutes and listened to the minister's statement without breathing a sigh. I was not able to respond.

**The Chair:** I am encouraging you to be less provocative, in the best interests of the estimates process.

**Mr Mancini:** Mr Chairman, I do not know what your concern is. If I am concerned or perturbed that a government has broken all its promises, I have a right to say so, and if I believe and can place facts in the records of this transcript that it has reannounced projects and not committed new moneys, I have the right to say so and the minister has the right to respond. He is the one with the 8,000 employees. He is the one with all the records. We do not have that privilege.

**The Chair:** Mr Mancini, we are not taking exception to your statements about broken promises. We are concerned about your imputing motive on the part of the minister, that the circumstances of this estimate are very much part of some sinister plot to move numbers and mislead people.

**Mr Mancini:** It is done all the time, Mr Chair.

**The Chair:** Far be it for me, in my position as Chair, to reference activities of a similar nature of a year and a half ago. I am simply suggesting to you that it would help the estimates process if—

**Mr Mancini:** Mr Chairman, I—

**The Chair:** I do not wish to take more of your time.

**Mr Mancini:** I was going to ask you for my time back.

**The Chair:** Oh, you will get your time back. I am simply asking you to be helpful to the process and the committee. If you would like to raise those points in the open exchange, fine, but the minister is not in a position—



I am not allowing him—to respond. I would like to acknowledge both your efforts at restraint at the moment.

**Mr Mancini:** Mr Chairman, I respectfully request from you, sir, that you be very specific when you call members to order. If there are any specific words—

**The Chair:** I did not call you to order.

**Mr Mancini:** You interrupted.

**The Chair:** I interrupted you, which I said I was doing.

**Mr Mancini:** For what purpose?

**The Chair:** For you to assist the committee.

**Mr Mancini:** In what way, Mr Chairman?

**The Chair:** By not at this time making inflammatory comments which will engage this process in a major debate. I am fully prepared to throw this matter open to the committee for a free-for-all, but we are taking valuable time away from the estimates which I believe you came prepared to work on today. I am on hand, Mr Mancini, if you would like to discuss my interrogative.

**Mr Mancini:** Mr Chairman, I think committee Chairs should make rulings based on either a specific circumstance or historical precedents and I wait for you to do that. When a Speaker or a Chair has specifically brought attention to certain words that are historically non-parliamentary, those, in my view, have always been automatically corrected by most members, including myself.

I am offended that a year ago this group of people, the minister included, went around the province and made election promises. They made promises in Brantford and they won the seat in Brantford. They made promises in Peterborough and they won Peterborough. They promised to expand the GO Transit service—and we will talk about that later, I say to the minister—and that promise has been broken.

**The Chair:** Unfortunately they did not make a lot of promises in Essex.

**Mr Mancini:** Mr Chairman, that is offensive and I ask you to withdraw.

**The Chair:** I withdraw, Mr Mancini. Are you still waiting for a ruling or would you like to proceed with your time?

**Mr Mancini:** I do not know what you could possibly rule on, sir. If you can, please move forward. I will await your ruling.

**The Chair:** I indicated I was not making a ruling, but you asked me to make one. I simply ask you to proceed and I will begin your time again.

**Mr Mancini:** Since there is no ruling as to anything that has occurred that is unparliamentary, I will continue with my opening remarks. If the minister finds some of the broken promises offensive, I say to the minister, we also find it offensive. Transportation is too important an issue. I have known my colleague for several years before he was a minister and I know how he feels about promises made and promises being kept. It is nothing new, we have heard his speeches in the past.

Let's turn to gas taxes and the trucking industry. In my view, this is one area where the socialist government has indicated its lack of understanding of how important

transportation is to the economy and how its tax policy affects business, industry and, indeed, transportation. What is the minister's opinion on the budget, which announced a 1.7-cents-per-litre increase in tax on unleaded and leaded gas and diesel fuel as of April 30, 1991, and an additional 1.7-cents-per-litre increase as of January 1992? I have had truckers tell me they find this offensive.

The gasoline and diesel tax increases will cost taxpayers an additional \$250 million. These tax increases work out to \$88 per year for each person in Ontario. The NDP was going to eliminate higher average gas prices in northern Ontario, and I am going to want to know later on during these hearings what is being done to equalize gasoline prices across Ontario. I remember the speeches made in the Legislature by NDP members who constantly pointed to the unfairness of higher gasoline prices in the north and how they would do something about it. While the gasoline tax increase works out to an average of \$88 per year for each person in Ontario, in northern Ontario it works out to \$110.

The minister took considerable time to tell us how large his riding is. I am assuming people in his constituency would have to drive greater distances for banking, shopping, work, etc. He and his cabinet colleagues have placed upon them a \$110 tax increase, while everybody else in Ontario got an \$88 tax increase. These taxes are another example of the NDP's policy of hurting small business and stifling economic growth. We are in the middle of a recession. The first people in the Legislature to announce there was a recession were the NDP members of the Legislature. Well before any economists, financial institution, or any other government in Canada made such a pronouncement, they were the first to state that Ontario was in a recession and that we needed economic policies to lift our province out of the recession.

**Mr Johnson:** You mean the Liberals did not know it first?

**Mr Mancini:** We will get back to what the Liberals knew or did not know at the time. It must be difficult to defend these promises, I understand that. It must be difficult, but they were made and I have never yet questioned the sincerity of how and when they were made.

These taxes I speak about were foisted upon the travelling public, whom the minister is supposed to represent, in the middle of the recession. We may not have hit bottom yet. You saw fit to have those taxes placed on the travelling public. I say to the minister, if I was a northerner, I would be particularly upset and particularly let down that the long-held views of the NDP in opposition about equalizing taxes is another broken promise.

1630

When the Liberal budget review committee toured northern Ontario last spring, complaints about the increased costs of gas and diesel taxes were among the strongest criticisms that came forward. Everywhere the budget review tour travelled in the north, people criticized the effect that increased gasoline prices would have on them directly, on their family life, on their business, on their opportunity to make greater investments in our province, on their opportunity for survival in the middle of the recession.

Truckers in Ontario are also leading the charge against NDP tax policies. Figures published by the Toronto Star show that Ontario truckers and truck companies pay 50% more for fuel, almost double the wage costs, over 10% more for their equipment and have more restrictive tax write-off provisions than their US counterparts.

The new government had a choice. They could have taken action on the cost of diesel fuel. As a matter of fact, they did take action. They put a new tax on the diesel fuel. These new diesel fuel tax increases will raise over \$90 million in new revenue—\$90 million in new taxes on a trucking industry that cannot compete with its American counterpart. The minister says it is a revelation, those new regulations, so I am assuming that the new \$90 million in taxes helps deregulation somehow and helps the truckers somehow. I am assuming that is the logic and the rationale. This represents a total increase of over 30% in taxes for diesel fuel. Any benefits truckers have received from the lowering of interest rates have been washed away by this new diesel tax.

Truckers were, along with the rest of Canadians, hoping and praying that our national government's tight monetary policy would be reversed. As soon as we see a reversal in that policy, another level of government heaps upon the trucking industry a new \$90 million in taxes. Trucking is a \$5-billion industry in this province and for every trucker on the road there are other workers employed to service and repair the trucks, to load the trailers, and in truck and trailer manufacturing and sales.

Mr Chairman, how much time do I have remaining?

**The Chair:** Another five minutes.

**Mr Mancini:** Due to the limited time, I just want to put one final matter on the record in regard to the trucking industry. I want the minister to know that we will be talking extensively about the Red Hill Creek Expressway. We are going to be talking extensively about GO Transit. We are going to be talking extensively with the minister and with our colleagues about municipal transfers, about highway construction, about the April budget and how it affects transportation and innumerable other issues I have been compiling in regard to and in anticipation of these estimates proceedings.

I want to say to the minister that, while he was not minister at the time, he was certainly a member of the executive council when the executive council, the cabinet of Ontario, decided, I am assuming on the advice of the previous minister, to give the 700 remaining licences for extra-length trailers—that is the proper description—the 53-foot trailers, exclusively to American firms. The previous Liberal government had put in place 2,000 licences, the first 1,300 given exclusively to Canadian truckers. When the change of government took place, the remaining 700 were given exclusively to American firms and I have been wondering how this squares with the anti-free-trade position that was taken by the government during the last election, and previous and since, and how this squares with the fact that our own people, who are in a desperate circumstance, were excluded exclusively.

I see my time is up. I thank the minister for listening and wait to hear from my other colleagues.

**The Chair:** I now invite Mr Turnbull to commence his comments as the critic for Transportation for the PC Party.

**Mr Turnbull:** I would like to thank you for your comments and take the first public opportunity of congratulating you on your appointment as Minister of Transportation. I wish you every success. I know the task is formidable. I certainly offer my co-operation and encouragement, where I believe we can co-operate, and I will not hesitate, as I think the minister knows, to point out when he is making mistakes.

I could not help but be struck, and I have to get it into my opening comments, that while the previous speaker, the critic for the Liberal Party, spoke about the government's anti-free-trade position in the last election, I would remind my colleague it was also his government's position.

**Mr Mancini:** Are we going to allow rebuttals?

**Hon Mr Pouliot:** There will be no deal; that is the bottom line.

**Mr Mancini:** We did not give the licences away.

**Mr Turnbull:** I would point out, and I am sure the minister would like to correct the record, that in his opening statement on page 15 he states, towards the bottom, that over the past 30 years traffic has increased by 60%. I believe it should read 360%.

The PC Party is committed to continued economic growth and improved quality of life for all Ontarians, and quite obviously transportation is the cornerstone of our economy and the quality of our lives. The problem of unmanaged growth, not rapid growth, is the problem we face. We want a balanced transportation system where each mode is carrying its share of the transportation needs of the province, which means efficient interaction between road, rail, air and marine transport.

We must have plans for the transportation system that will allow Ontario to carry its goods and people efficiently, safely, reliably and environmentally acceptably into the 21st century. It is important that we know where we are going to be in five years, 10 years and 15 years from now.

The minister's opening statement, while very eloquent, as it always is, is lacking in plans for the future. Can we continue to respond to crisis after crisis and existing transportation demands? What we need is advanced planning for our transportation strategy. We should use transportation as a tool to shape the pattern of development. Thirty per cent of the cost of a product is transportation costs. To stay competitive, we need a transportation system that allows for quick, safe and inexpensive movement of goods and people.

**1640**

In 1989, the Minister of Transportation noted that congestion alone had added 40% to the cost of delivered goods in the GTA since 1977. This increased cost is passed on to the consumer and estimated costs will be \$2 billion a year. It is estimated that the price of goods will increase by 20% to 50% by 1997, due solely to congestion.

First, I want to bring up several issues, and I am going to start off, in view of the limited amount of time, by



giving you basically the shopping list of things that I am going to be speaking about.

Safety is paramount, and I am going to be speaking under the safety heading about seatbelts, bicycle helmets, graduated drivers' licences, drunk driving and non-resident violators of various traffic regulations.

With respect to roads, I want to speak about the Transportation capital program, and I particularly want to speak about the withdrawal of funds for the Red Hill Creek Expressway. I obviously want to spend some time talking about the roads within the GTA, electronic freeway traffic management and salt erosion.

Under the public transit section, I have to make some comments on the TTC, the Let's Move program, GO Transit expansion and the requirements of GO electrification, and I want to spend some time talking about the needs of the disabled and accessibility.

I do want to speak—and it is notably absent from your opening remarks—about the decentralization of the ministry to St Catharines and the costs involved with that.

As you know from the question I asked in the House today, the trucking industry is a great concern to our party. Indeed, in view of the statement issued by your ministry two weeks ago, the report, it is a pressing issue.

I also want to speak about the only piece of legislation you have brought before the House since this government was elected, which is Bill 129, and the Urban Transportation Development Corp and some of the problems we see with that.

Turning now to safety: As you know bicycle helmets can be great savers of lives. Statistics show an 85% reduction in the risk of head injury for bicycle people who wear helmets and an 88% reduction in the risk of brain injury. Each year in Canada 5,000 children are seriously injured and 60 children die due to bike accidents. Forty per cent of all paediatric injuries are attributable to bike accidents; 75% of cyclist accidents involve head injuries. My colleague Dianne Cunningham has brought in a private member's bill, Bill 124, which passed second reading on June 27. Minister, I ask you, will you bring forward Bill 124 for third reading?

Graduated licences are an issue that is being talked about greatly at the moment. The number of drivers in a population which is growing at the rate of 2.5% per year, and the number of seniors who are involved in accidents, are growing.

Alcohol was present in 38% of drivers who were killed in 1989. Has the ministry made any attempts to test the interlock device now on the market? Alberta and some American states have already mandated the installation of these interlock devices for convicted drunk drivers. With respect to non-resident violators, how many provinces have we signed agreements with?

Turning to roads: Local roads and highways were unfortunately not built to handle today's increasingly heavy traffic load. Travel on highways has increased by 263% between 1954 and 1988. The kilometres of highways has essentially stayed the same during this period. The Metropolitan Toronto Goods Movement Study released in 1988, estimated that commercial vehicle traffic will increase by

80% over the next decade. The Better Roads Coalition tells us that a paved road has a lifespan of 25 years if it is repaved every seven years. Without repaving, it will last approximately 15 years.

Ontario roads built in the 1950s and 1960s are in bad shape, and becoming dangerous. The increase in municipal road budgets of 5.5% over 1990 is clearly a problem for many municipalities. I would ask the minister not to cut funding to municipalities for base and surface projects needed for local roads.

The transportation capital program for maintenance and improvement of infrastructure: The Liberals gave \$2 billion. Will the NDP commit to another five-year program so the benefits gained from the current program will not be lost?

Red Hill Creek Expressway: I was at a rally for those people three weeks ago. Five NDP members from the area were asked to attend and not a single person attended. The people in Hamilton and surrounding districts view this not only as a way of helping to kickstart the Hamilton economy, which is vitally necessary, but in addition they believe it will ultimately reduce the pollution in the area by having vehicles move quickly through the area, and reduce the number of accidents.

Turning now to the GTA: Congested roads are a real concern for people who live in the GTA. Gridlock is increasing. The ministry is strangely silent on the issues that face us on the mounting crisis in the GTA. The major transportation projects take many years and we see no planning to make sure these projects are addressed properly. How much is the minister prepared to do to address this difficult issue?

Electronic freeway traffic management is the way of the future. What is the present status, Minister, of Highway 401 and the Queen Elizabeth Way? Do you have plans for the extension of these systems?

The problem of salt erosion and the issue of alternative forms of getting rid of ice: Great damage is done to cars and the environment. I would prefer to turn that around and first of all save the environment and then the cars, because while we can replace our cars we cannot replace our environment. Freeze-Gard is a product which is said to be 80% less corrosive than salt. Is the minister investigating this and other products. How much of the budget is allocated to research on the problem?

Public transit—the Toronto Transit Commission: Once, the TTC was the most efficient public transit system in the world. Metropolitan Toronto already has the highest level of transit in North America. We need to get people out of their cars and on to the subway and buses.

1650

I am concerned with the tremendous growth in the Toronto area over the next few years. It is estimated that over the next 15 years the population in the GTA will increase by 1.5 million people, mostly in the regions. According to the Ministry of Transportation, commuting time to work in the GTA now stands at one and a half hours average. This is up from the 1960s, when it took approximately half an hour, and is expected to rise to two hours by the mid-1990s. Minister, I would suggest this is intolerable. People have to stand during rush-hours. Delays and vehicle breakdowns

happen too frequently. The system is failing to meet the demands placed on it today. What plans for transporting these people do you have? I do not find them in your briefing today. How will these people get to their jobs and to their schools? I cannot imagine having children spending two hours going to school. Let's finally move on the Spadina subway line.

With respect to the TTC, Minister, we must, all parties, look urgently at the question of essential services. It is intolerable that we can have a city which is the lifeblood of this nation ground to a halt in a transit strike, and yet the LCBO considers itself an essential service. It has to be wrong. I think people can live without a drink, but they cannot live without commuting.

**Mr O'Connor:** Job security does not mean anything—

**Hon Mr Pouliot:** Does the member profess a bias?

**Mr Turnbull:** I have hesitated to interject during the previous comments, and yet one of the NDP members is saying job security does not mean anything to me. I find that insulting; it shows total insensitivity to the people of this province who do not vote for the NDP, and complete ignorance of the issue. We are considering allowing the TTC to go out on strike. In Hamilton, the transit system for the disabled is considering a strike. Yet at the same time, the liquor board is deemed an essential service. I ask you, Minister, is this your government's priority?

Turning to the Let's Move program, we were first told this would cost \$5 billion in investment. It seems to have recently ballooned to \$15 billion. This is due to costly delays. Will the new minister give his support to this project?

I am just throwing out a lot of ideas that I think are important. Would the minister consider self-propelled trains? For those who do not know what we are talking about, these are single electrified cars with a single driver. If we had self-propelled cars on the GO system we would be able to have a greater amount of service. We cannot build ridership on the GO system or the subway system when we have a massive cost of infrastructure going in and then we wait for the volumes. Conversely, if you wait for the volumes before you put in the system, it is too expensive.

We should be looking at putting out streetcars in areas where we are suggesting subway extensions and convert to the subway system later. It is technically possible, I believe, to build a streetcar system which can be easily converted to a subway. In fact, I have myself observed it in Frankfurt, West Germany, and in Vienna, Austria, where they have partially made the streetcar system into a subway. I think we should be moving in that direction.

I do not think we can afford to drag our feet with the Spadina line any more. I encourage the Minister of the Environment to move the report on the Spadina line off her desk. Forget further public hearings. There have already been enough public hearings and there has been an environmental assessment. Minister, will you get the Ministry of the Environment to move on?

I have already started into the GO Transit system. We know that 125,000 passengers travel on GO Transit each day. The capacity of one full length of GO train equals 1,246 passenger cars and it has very important environmental

considerations. We need to expand outside the GTA. We should be looking at areas such as Orangeville. We have at the moment overlapping services in some areas and no services at all in others. We have GO Transit and we have bus services all competing with one another. Surely we should look at cutting out the duplication and putting the money into those areas not currently served. I would urge you to push out the GO system as much as possible by rail, and let's not have one trip in in the morning and one trip out in the evening. You will never get people to use the GO system if that is the kind of service.

I have observed in Europe how much public transit is used because of the free availability of it. Here in Toronto I would not blame somebody bringing their car in from out of town, because they are concerned that they may miss that last train. Until we start thinking in terms of overall systems which move people and are available to them at flexible times, we will not get enough people to the GO Transit system.

It has been suggested by previous ministers that it is beyond the ability of the Ministry of Transportation to extend the GO Transit system outside the GTA. In case that is one of the comments that would be brought up, I would point out that we already have such exceptions as Guelph, Barrie and Sutton.

What is the minister doing about fare integration? We need fare integration to encourage ridership. Indeed I believe the new owners of Gray Coach are in favour of having such fare integration. If we can get coach services joining up with the GO system and with the TTC, we might be able to get people out of their cars. I cannot think of a better thing to do for our environment than that, Minister, and I hope we can work together to get you moving in that direction.

We have to look at the question of GO electrification. It was studied extensively in the 1970s, and we have had no movement on that. The environmental considerations are compelling. Indeed if you have electrification of the GO system, it does make it possible to have self-propelled vehicles which allow for more frequent service at more reasonable cost.

The Peterborough-to-Whitby corridor needs a transit system in place. People will not ride on a bus. In fact, Minister, I have to point out the fact that your government has broken its election promise with respect to the Havelock-Peterborough line. There was a proposal put forward by riders of that line that they wanted to create a private, for-profit—that awful word that seems to be going out of fashion in this province—transit system which would ride around the GTA, would feed into the GTA. I think we should take a serious look at that.

When we consider the financial pressures that are on this government, and indeed in view of your budget, that will be on future governments too, we have to look at alternatives, and one of the alternatives is getting the private sector involved in this area. It would like to compete and it believes it does not need subsidies. That in itself should be attractive to you in view of restraints on money.

Turning to accessibility for the disabled: The disabled have the same transportation needs as other citizens. In a



report tabled in 1988 from the Ministry of Transportation Task Force on Improved Accessibility to Conventional Transit Services, it found that fewer than half the transit systems had priority seating, only 13% had accessible assistance alarms and 77% had no sensitivity training. In September 1989 the TTC was criticized as being among the four least accessible systems in North America by the American Disabled for Accessible Public Transportation.

1700

I want to speak now about the program of decentralization, Minister. In a recent meeting I had with you privately we spoke about a fully loaded impact study of the move of the ministry to St Catharines. I believe that one of the basic problems we have—and this applies, unfortunately I suspect, to all three parties when they were in power, because it was the Conservatives who started the decentralization program—is that a fully loaded cost estimate was not done. We know that the cost of moving people to and fro from northern Ontario with the ministries that have moved up there is horrendous. The hotel nights spent in Toronto and the transportation costs are very serious.

Minister, I am not saying it was wrong. I am simply saying it is time that we started accounting for it. Let's not have hocus-pocus economics where we say it is good or it is bad according to the political imperative. We have to know what the cost is, because governments today cannot afford these games. Indeed we see that by the crisis that we are in today.

When Frances Lankin was asked about the decentralization, she made the comment that no one would lose his job as a result of the decentralization to St Catharines. We know that approximately 30% of employees typically move with a ministry. That leaves 70% of the ministry employees from the Metro area who are either going to find another job in government—and I would ask you, does that mean we are going to increase the size of the government by that amount, bearing in mind that you are the third-largest ministry in terms of the number of bodies—or are we going to have one huge cost of laying these people off?

With respect to the trucking report published by your ministry two weeks ago, it clearly shows that Ontario truckers are at a significant competitive disadvantage to US firms. What initiatives is the Ministry of Transportation undertaking to improve this situation? The whole industry is suffering. I have met with independent truckers. I have met with the organized trucking industry. I have met with labour. I know it is a serious problem. I know also that the minister will respond that it is the fault of the federal government for allowing the—what is it? I am going blank.

**Hon Mr Pouliot:** Allowing the situation to deteriorate to the point where it is now. It is partly that, but—

**Mr Turnbull:** Yes. The fact is that we are allowing Ontario truckers to compete in a North American market. They must be able to compete in it. We have seen that fuel taxes have gone up tremendously. The principal problem, the trucking industry tells me, is not the accessibility of this market by American truckers. It is the fact that at the federal level they do not have as quick write-offs and at the provincial level they have the huge cost of fuel.

If we go through with the second round of fuel tax increases, we will have the third highest cost in the whole of North America after Nova Scotia and Newfoundland. With great respect to Nova Scotia and Newfoundland, what a hell of a position to be in. No wonder we cannot compete. We know that the federal fuel taxes in Canada are less than federal fuel taxes in the US. The high cost of fuel in Ontario is a direct result of the very heavy reliance on fuel taxes as a revenue generator.

The cost of the second round of increases due to come in in January will be an extra \$2,000 per truck per year. This is characterized by the Ontario Trucking Association as insensitive and regressive at a time that the industry is reeling. The trucking industry is united in its condemnation of the tax. An Angus Reid-Southam news poll from June 17, 1991, said that 80% of the Ontario public were in support of truckers.

The suggestion that the fuel tax is brought in for some environmental reasons—Minister, as you know from the House today, I am suggesting that is baloney. I do not know how letting Ontario truckers suffer and letting US truckers come in is going to help our environment. US truckers are going to pollute just about as much as we are except you might make the argument that they can afford to buy more fuel-efficient equipment, so to that extent it is environmentally friendly. But I think that would be a poor argument.

The fact is that we have a business where we know that their fuel costs, their equipment costs, their depreciation schedule and their labour costs are all higher than in the US. The answer has to be that we must give some relief to this industry as it rationalizes itself. I believe the Ontario industry, given the right tax position, can compete very well in North America, but at the moment it cannot compete at all. Minister, we will see an industry which is half the size within the next three to four years unless you take urgent action now. The industry cannot afford to buy the fuel-efficient equipment unless you give it the breaks now.

The industry needs a repealing of the fuel tax increases, temporary exemptions from provincial sales tax on heavy trucks and trailers and, I would ask you, will you commit today to meet with the Treasurer and request that the diesel fuel tax increase be cancelled?

There is a question too about the length of trucks and trailers running through Ontario. Minister, you are aware that most of Canada has a limit of 25 metres on trucks. As we move to try and encourage the growth of interprovincial business, we have a significant disadvantage in Ontario because we have a standard which is two metres shorter than the generally accepted Canadian standard. It means that trucks have to come to our border and be reconfigured to cross Ontario and then go somewhere else. It puts our truckers at a tremendous disadvantage.

I would like you to give the status on the public hearings on the truck safety investigation launched by Mr Philip in 1990. With respect to rail I would like you to comment on the provision of a rapid transit service from Windsor to Quebec. I think it is environmentally sound, but I want to hear your specific comments on what the government's stance is with respect to any subsidies. I do not believe we can afford any subsidies at this moment.

Minister, the only piece of legislation you have brought in so far is Bill 129. It is open-ended. It would appear to be a permanent moratorium. What is the definition of a load broker? What about Bill 88, the Truck Transportation Act of 1988? It requires that intermediaries obtain licences to operate. This was passed but not enforced. Why? What is your definition of an intermediary? The ministry should look at the problems of enforcement under Bill 88 before trying to license yet another group. There is concern in the insurance industry about surety bonds. They are not available to brokers at this time.

1710

The last point I wanted to make is with respect to the Urban Transportation Development Corp. Can we afford to put any more money into UTDC? By some estimates, we have already poured away \$700 million. Originally it was intended to be for research and then became a manufacturing project. The province sold, approximately a year ago, 85% equity in this corporation to Lavalin, yet now, with only a 15% interest in the company, we are putting up money to guarantee jobs. Surely Lavalin should be doing this, the 85% owner. We should cut it loose like we cut the SkyDome loose.

Finally, I would like the minister to comment on the fact that the ministry received a confidential briefing from the insurance industry last week, last Friday, in moving vehicle licensing into the insurance industry sector and closing down the privately run car-licensing facilities.

That concludes my comments. I will, of course, have questions during the rest of the proceedings.

**The Chair:** Minister, as I indicated earlier, you have up to 30 minutes to respond in any way with respect to the points raised by Mr Mancini and Mr Turnbull.

**Hon Mr Pouliot:** Thank you very kindly, Mr Chairman. I have listened intently to what has been presented by both Mr Mancini and Mr Turnbull, respective Transportation critics for the official opposition and the Progressive Conservative Party.

I was able to note—in fact I can quote verbatim, and could, if given the occasion under other auspices, imitate the tone of one. It was somewhat predictable, and I was interested in deciphering the tone and comparing the preparation that went in between the two. I will let people in our audience, if you wish, address that. One was a bit of an attack, but in our constitutional monarchist system, it is allowed and at times welcome. This kind of confrontational system or attitude is what the system lends itself to. Mr Turnbull, on the other hand, came well prepared. The questions were direct and there was an organizational sense to it, a sense of seriousness, and it was all wrapped up in decorum and good manners, the way parliamentary procedure would allow. These are just observations as I begin my brief response and before I look forward to the exchange that is sure to follow.

First, Mr Mancini, in terms of commitment, with the highest of respect, I want to remind you, sir, that this administration, this social democratic government, as you repeatedly referred to our administration, was elected by the people of Ontario on September 6 of the year of Our

Lord 1990. The members of the first cabinet, as you appreciate, I am sure, were sworn in, were asked to serve, on October 1 of the same year. So we are talking really in terms of a period slightly exceeding or surpassing one year. Broadly summarized, it was preceded by five years of your administration, sir, and 42 years of your administration, Mr Turnbull.

When we talk about Liberal commitment vis-à-vis the commitment of this administration, vis-à-vis the track record—again, with the highest of respect, Mr Chairman; you will allow me to continue in the following vein—we tabled only one budget in the House, and that budget did, yes, increase. Not only did it respect the commitments that were made by the previous administration, but it also attached some dollars to them. On account of the haste of some of those commitments, not only did our government choose to protect those commitments, it also put the cheque along with the commitments to give them teeth, to bring them to life.

This was done despite most difficult times. Mr Mancini will be most aware, for no one has escaped, that Ontario is in the midst of a recession which rivals—aside, perhaps, from the Great Depression—every recession that we have encountered in recent memory. These are difficult times. We made difficult decisions, but let me tell you more specifically, because I am sure you relate to statistics, Mr Mancini, and you can readily attest to an 11% increase in transit, a 23% increase in provincial highways, a 16% increase in municipal transit, and we must not forget, an 11% increase in municipal roads.

This is not political rhetoric. These are real figures in the real world to serve the needs of real people during a very adverse, severe, difficult economic period. This is evidence. This will attest beyond any doubt to the commitment the province places on transportation in Ontario. Not only do we act on the needs of people, but we also readily acquiesce as to their needs in the future as well and we plan accordingly.

On the trucking industry, both respective critics have talked at some length, have mentioned the dire needs. There was some constructive element, and of course someone will rightly say: "You're the minister, now tell me what you will do. My job is to spend 90%, if not all, of my time as a critic telling you what is wrong."

We have done that too, and we have been doing that for some years. I remember so vividly, in fact as if it was yesterday, I was sitting right where Mr Mancini is sitting. Mr Mancini was not here, because he was doing his thing as the Minister of Revenue. But I too was sitting there defending the rights of truckers, of ordinary people, in a tone, Mr Turnbull, and I am sure you can appreciate this, that was social democrat. Not that we claim, or should, to have a monopoly on the social conscience. We have the social conscience of our means, but we do not have to wait in line for anyone. We have no lessons to take from anyone in our context.

I do not wish to be overly harsh. We are no better, no worse; people are people. But our association vis-à-vis this crucial service is something you will see we have been following from the word go. I spoke for three hours in the



House. I spoke with passion and emotion and meant every word, left a bit of myself on this very bench here when we talked about trucking. So you hit directly. If you had chosen to have a tone to hurt someone, I would have been hurt. I live—no more, no less than anyone else here.

It is difficult. There are too many trucks. I do not think that you need to be too averse, too accountable to say that one of the things in the shake-out that is sure is that there are more trucks than the demand for them. That is one component. There is a deregulation system, Mr Mancini, that was put in place, and it is the reality of the day; I do not wish to be overly harsh.

Our Premier said at the swearing-in ceremony, "If we make mistakes, we will admit them." It would be easy for the Minister of Transportation to humbly suggest that deregulation has had a profound negative effect on the trucking industry, but I am not going to say this because we are looking for alternatives and this may sound negative. Too many trucks, one thing; deregulation, sir, another thing; the recession which has hit gradually and suddenly, savagely devastated our industry. You will say that each is an important component.

1720

Free trade: It is questionable how level a playing field it is. You put all those components together, give the industry very little time to allow for the transition, and then those components become the proverbial straw—any one of them—at any time, becomes too much, becomes the catalyst.

What are we going to do to shake the can? That is easy; we know what is out there. We know what is being done to lives. We have lost 5,000 jobs; we told you so. Now it is our job to fix it. You will say, "It's okay, Minister, but for a number of years you made a living kicking the can; now it's your time to carry it."

That is okay. It matters little. What matters here is the 5,000 jobs. What matters, Mr Turnbull, is the \$5 billion, because that is real wealth. That is new wealth. Anybody knows, philosophically, economically, if you wish to afford the social programs that you preach, you go beyond putting them forth. The wheels of the factory must go full blast; otherwise you are going to borrow in the future. Inevitably, you are going to eliminate the perimeter, and then you will go to your core, and that will be impacted, and you will have to say, "No," and then they will put someone else there who is going to pick up the pieces. Then you will begin to understand that it is important that we address an important part of our economic system—truckings.

We do not have the answer. There is no easy answer. We have met with our federal counterpart. There have been two studies; one was a transborder study. You have seen it; you got it; you are the critics. Then there was a federal study, fairly similar, saying: "How is it that fictitious Joan and Harry Smith in Buffalo or Detroit, from the time they buy a rig and move goats from point A to point B, seem to have more money in their pockets than the same fictitious two people on this side of the border? What gives?" What gives is several factors: You have economies of scale; you have climatic conditions. The tax system, ironically, I too was surprised that it is relatively equal. If you start pricing some of the things we now take for

granted but we all pay dearly for—there is no secret, it takes \$18 billion out of \$52.8 billion.

The OHIP system: What is it worth in terms of money in pocket? There is no question that when you calculate, and experts did this, when all was said and done, oh, the difference could be anywhere from 12% to 25% for doing the same job across the road, across the bridge literally, and across the border in the US. What do we do? What is our capacity to match this? What do we do in co-operation with the federal government? How do we best bridge the gap? Do we do it by fuel taxes? Mr Mancini, I understand you are the distinguished representative for southwestern Ontario.

**Mr Mancini:** Sarcasm is noted in the comment, Minister.

**Hon Mr Pouliot:** There was no sarcasm in attesting that you are the distinguished representative. Which area do you represent exactly? What is the name of your riding?

**The Chair:** Essex South.

**Hon Mr Pouliot:** There are six or seven—

**Mr Mancini:** The insult is also noted, Mr Minister. For the Minister of Transportation not to know the name of the constituency of the opposition critic is noted.

**Hon Mr Pouliot:** I wanted to make sure. People say I am from Nipissing, from Nipigon, or from Lake Nipigon, from Lake Superior. There is Essex South and Essex North. I just wanted to make sure.

**Mr O'Connor:** Essex-Kent.

**Hon Mr Pouliot:** Essex-Kent. Thank you very kindly.

**Mr Turnbull:** Mr Chairman, this is exactly the reason that the electorate are fed up with politicians, for these absolutely banal exchanges. Let's get on with the Transportation estimates.

**The Chair:** Including interruptions. I thank you for that point. Let's please get back. The minister has the floor. Please do not be so anxious to yield it.

**Hon Mr Pouliot:** I come here in a kinder and gentler way. I do not indulge in those things. You two gentlemen see me in the House. I do not contravene standing orders by going back and forth interjecting. I stay in my seat. But I will fight just as hard to keep my 30 minutes. Right, Mr Chairman?

**The Chair:** Do not ask me to corroborate that statement. I sit across from you. Please proceed, Minister.

**Hon Mr Pouliot:** In recognizing the trucking problems, we have done things that were easy to do first, some of our critics will say, like a moratorium on licences. We said: "There are too many licences, so for two years we're not going to issue any more. That's it. You can't have one. You can buy one from somebody else." This will help to restore a balance.

We are pressing the federal government, because in terms of jurisdictional capacity—we talked about depreciation for instance—it can help a great deal. It has the jurisdiction to do most things. I am not trying to dump on the federal government because they are Conservatives. It is not for me to be political. Let the record attest to that.

In fact, it was only last week that I chastised a person—we were talking about trucking again—who said to me, “Gilles, a curse on both their houses.” He was talking about the federal Conservative government and the previous administration of provincial Liberals. I said, “No, no, don’t say that.” He said: “I have the figures. Those are the people who have punished us the most. The reason why we’re in this kind of dilemma is because it’s the fault of the previous provincial administration and the present federal government.” So I had to say at great length, as you can imagine, that we are not political. We are going to try to work collectively to alleviate the problem, although the records speak for themselves.

We are looking at regulating load brokers as well, because Mr Mancini and Mr Turnbull believe it is a fairly important component. We are willing, and we have indicated to the federal government that if there is some way—we have done two concrete things—in which we can be in a joint venture with the federal government, we will do so to help the trucking situation.

We must also keep in mind that all sectors of the Ontario economy have been severely impacted by the recession. No one has escaped; so you have to be consistent and reasonable and also keep in mind that revenues are down and you have some social responsibilities. We also have a noticeable deficit. It is not easy to reconcile all those things, but we are a well-intentioned, knowledgeable administration and we are constantly looking for things that are innovative and imaginative, but that will not impact the taxpayers too much.

You will notice that the estimates book I have provided to help you do your job is immensely better than what was provided before. Technologically speaking, there have been significant changes in our ability to produce material in the past year. Put it under the title of evolution. It is called progress. These things happen. So we are not only willing and able, but we look forward to dispensing information.

If there is any briefing that you wish to have, Tom is there and there are other experts as well on GO Transit, on any sector, aside from cabinet discussions.

Interjection.

**Hon Mr Pouliot:** You have the oath of office. You have to keep working here and people have to trust you. You say, “No, I will not divulge what takes place.” That is universally accepted. You will find there are very few secrets when all is said and done, working with the Ministry of Transportation. I do not spend a lifetime defending the civil service of this province or any other jurisdiction, I can assure you, but at least it does not pain me. From what I have observed, these are people—and I do not say this only for the people here; we are representing the 10,000 employees of the rest of the province—a good deal of resources.

The ministry has a significant budget, \$2.8 billion. Add to it some \$250 million plus for the northern component if you wish. You are looking at more than \$3 billion. More seniority—people see this as a career. They were there long before I was and will be there long after I leave. They know that; I understand that. They will continue because this is the job continuity. But it deserves more than a verbal pat

on the back, and I want to make sure it gets recorded in Hansard. I am not trying to sidestep the question. If I do not have the answers technically, “those people” will, not because it will be a career-enhancing statement, but because you have asked a logical question, you deserve a logical answer.

You are right, Mr Turnbull. It was not 60%, it was 360%. Oops, small error. But in terms of transportation volume, we could talk about several factors. I have two books of briefing notes. We conducted a test yesterday morning during our briefing and nine of our 10-member team here repeated every word here verbatim. The other person has been sent on a tour of the province for the duration of these estimates. I see that I have occupied a lot of the time and I am sure some of our distinguished colleagues, also with the majority party, perhaps would like to have some input.

1730

**The Chair:** They will be given that opportunity, and it will be nice once you share the contents of that document with the opposition parties. That would be a helpful part of the process. I am in the committee’s hands, but before I ask how you would like to proceed, let me state that both the opposition critics have put on the record a series of questions, and I would like to hear from the deputy or the minister how they wish to treat those specific questions. Our committee has tended to treat them in the same fashion as an order paper question except for time. The critics have put those forward early in the process so that responses that may be required to be prepared external to this room can be done and brought forward to be helpful to the process. So may I get some clarification from you on that point.

**Hon Mr Pouliot:** Again, if we are favoured with some questions, we will endeavour to answer. Just tell us your time limitations. What are you comfortable with? Just give it the minimum of time and we will have them. How many questions have reached us?

**Ms Jacobsen:** There are about 30. There are a couple of ways we could deal with this. We could make a commitment to have a host of them answered by the next time we meet—most of them, in fact, given the content. You may also wish to set aside some period, particularly on highway projects or GO, where they are more detailed and where I think, if it is the committee’s wish, the minister might want to be supported by the chairman of GO.

**The Chair:** That was going to be my next question: the additional personnel they would like to have present. The questions have been duly noted by the deputy, and they would be appreciated in written form. If they could be tabled with the clerk, he can ensure they are distributed, so that you only have one person to go through. If it can be tabled prior to our reconvening on Tuesday 22 October, that would be very helpful.

**Mr Turnbull:** Mr Chair, because I am unfamiliar with the proceedings of estimates, never having been through them before, perhaps I would have an additional list of questions I could submit to the Ministry of Transportation tomorrow for you to table.



**The Chair:** If the ministry will accept them in written form I would be pleased to, or we can have them read into the record. I am getting an indication from the deputy that it would be acceptable to get them to them as quickly as possible. I was going to say, if there are further questions you would like to share with the minister, you can do so through the deputy.

**Hon Mr Pouliot:** The deputy minister shook her head. She cannot believe there will be that many questions. We would be delighted. Let's welcome all questions.

**The Chair:** I have not received any special requests. It has been mentioned by the deputy that the chair of GO Transit might be available, but if there are any requests, let them be made through the Chair so that we can give these people sufficient time and notice. If I receive none at the moment, then I ask the committee how it wishes to proceed. We have been proceeding with a time-allocation approach but we can do a straight question-and-answer by vote areas. I am in your hands as to how you would like to proceed with the estimates.

**Mr Daigeler:** Perhaps you should indicate that we have been rotating in 15-minute segments. I think that would be fine with us, at least with me. It seems to have worked for the other ministries.

**Mr O'Connor:** That seems to have worked quite reasonably within this committee in the past, so I think we take no exception to that and we can agree to that.

**The Chair:** That is fine. Sometimes the ministers appreciate a more full and open exchange, but if that is the wish of the committee we will proceed on that basis.

**Mr Mancini:** My understanding is that traditionally, under the first vote, administration or however it is technically referred to, that has traditionally allowed all committee members to ask very wide-ranging questions. Once that is dealt with, once we get past that and into other votes, I have noted in the past that whoever is in the chair insists that we stick to whatever that vote is. I would appreciate following the long-standing tradition in the Legislature that under the first vote, administration, we be allowed to have a wide range of opportunities to question the minister, because I did not use my first 30 minutes to ask the minister a list of questions. I had wanted to reserve that time for what I considered to be a more appropriate occasion.

**The Chair:** I understand your suggestion. At this point we had only decided how we would rotate, recognizing that the parties may want to divide equally in time segments. My next question will be on your point, and I thank you for raising it. Do you wish to proceed through the votes separately or do you wish to stack the votes to the end of the process, when you will be free to spend as much time as you choose in any of the seven vote areas?

**Mr Mancini:** That is fine with me.

**Mr O'Connor:** I think this committee has been sitting as long as I have been a member, which is not very long, but for the ministries we have had coming before this committee it seems that stacking the votes is the most sensible approach to dealing with them. That allows some flexibility

for members who have to respond to calls from their constituents or whatever.

1740

**The Chair:** Then I am hearing a clear consensus, and for that reason, Mr Mancini, given that it is 20 minutes before the hour, I will allocate 20 minutes for you, if that is all right, unless Mr Turnbull would be comfortable to start with five.

**Mr Turnbull:** That is fine.

**Mr Mancini:** I appreciate having the floor again. I consider these estimates proceedings so far quite extraordinary. I have never sat in an estimates debate before where, in the reply to the opening statements, which I have traditionally seen to be philosophical replies and not necessarily specific questions to the minister, a minister asks the opposition members more questions than he was asked. I appreciate the high degree of confidence the minister has in the opposition critics, but I want to make it very clear here that we are here to ask the minister questions, and through him, staff of the ministry. I am not going to be able to use my time to answer the many, many questions posed to us by the minister. I want to use my time and my party's time to find out where the Ministry of Transportation is heading in the next three to four years.

I want to remind the minister that I spent considerable time in my opening comments talking about the equalization of gasoline prices in Ontario. I heard no mention of that very significant problem in the minister's reply to the committee. I want to give the minister another opportunity, at his convenience, to reply to my questions about the equalization of gasoline prices for northern Ontario and for southern Ontario.

**Mr Daigeler:** And for eastern.

**Mr Mancini:** And, my colleague Mr Daigeler says, for eastern Ontario. I sat in the Legislature for a long number of years, listening, listening, listening to comments being made on this particular question, and very definitely was left with the impression that the minister's party, when and if it came to office, would have an answer to this troubling situation. I am waiting for that answer.

I want to finish my comments in regard to the Ontario trucking industry, because—and this is not a criticism of anyone, or even the committee, by any stretch of the imagination—30 minutes is not a long time for the minister or for us to really cover the waterfront.

I want to say to the minister that when his Premier makes comments in the Legislature, I do take them quite seriously. When, during the opening day of this session, the Premier rose in the Legislature and said there would be less finger-pointing, I took him seriously, and I want to say that I am assuming that the members of the executive council took him seriously.

When we deal with the trucking industry and the problems the industry faces, with all due respect to the minister, I see nothing but finger-pointing. I did not hear—and I will be prepared to re-read the record or have it retold—a lot of initiatives the minister was in fact going to take. He made no comments in any regard on the impact of the increased

taxes I spoke about, and certainly made no comments on what action his government would take.

Let me put on the record what it is that the Ontario government can do, and has jurisdiction to do, and is not impeded in any way to do. I want to read from the government of Ontario/Ontario Trucking Association adjustment strategy committee report.

The goal of this committee was to bring about the elimination of the current operating cost disparity that exists between Ontario-based and United States-based transborder motor carriers. They listed very clearly what was needed and what action the Ontario government could do on its own and they said this should be done in two phases. Let me put into the record what was asked for phases I and II. I want to know from the minister, in regard to each of these recommendations, what he and his colleagues have done. It says here:

"Phase I: Reintroduction of temporary exemption from provincial sales tax on heavy trucks and trailers." I repeat, provincial sales tax.

"Temporary one-cent-per-litre reduction in provincial diesel fuel tax." I underline, provincial.

"Establish interest rate assistance program for the trucking industry similar to that which was introduced for farmers in the 1990 Ontario budget." I underline, 1990 Ontario budget.

"Establish Ontario current cost adjustment tax incentive program for the trucking industry similar to that which exists for the Ontario manufacturers, and which was enhanced in the 1990 Ontario budget." I underline, 1990 Ontario budget.

"Ontario immediately review policies respecting enforcement of Ontario truck safety regulations on Ontario and US-based motor carriers and, where reciprocity with the United States does not exist, Ontario enforce provincial regulatory requirements against US truckers. Specific examples include enforcement of Ontario trip inspection report requirements and audits of US facilities.

"Phase II: The Ontario government become much more proactive in analysing and challenging US state taxes with respect to impact on international trade.

"Re-examine Ontario's policy on longer combination vehicles and possible productivity gains." As a caveat to that, I add that in my opening comments I made mention of the longer combination vehicles, and I made mention that the last 700 licences were given exclusively to American firms. I am hoping the minister will explain at the appropriate time the cabinet's rationale and his support of that rationale as to why those remaining licences were given to American firms.

**The Chair:** Mr Mancini, I am sorry to interrupt you, but perhaps I may not have made it clear that you are allocated 20 minutes in order to have an exchange with the minister. At the end of the 20 minutes you will not be given an opportunity to respond. I will then go to the next party and then to the third party. I am only suggesting to you, if you want the minister to respond before 6 o'clock, then I should have warned you or advised you of that, and I apologize if I did not do that.

**Hon Mr Pouliot:** I will split the 10 minutes with the critic.

**The Chair:** You do not have the right to do that.

**Hon Mr Pouliot:** He had the first 10, can I split the 10?

**The Chair:** No, you cannot. I am directed by the committee and I was trying to be helpful with Mr Mancini.

**Mr Mancini:** I appreciate the Chairman's advice.

Another recommendation was: "Work to improve upon current availability and reliability of statistics on transborder trucking and market share shifts."

I truly wish I could spend a great deal more time in regard to the trucking industry, but it appears that at least for this portion of the estimates I will not be able to. I hear the minister and he appears to be anxious to respond to this first short series of questions. I am willing to listen to the minister.

1750

**Hon Mr Pouliot:** With renewed pleasure indeed, I would certainly note no other intention in mind but to help the member. I, too, Mr Chairman, was beginning to wonder as to the format that had been agreed to among the parties, but it is not rare for politicians to adopt that kind of style, method or approach, and sometimes we forget about time or the agreement that was made. More important, on the subject of relocation, relocation is going to—

**Mr Mancini:** I have to object to the minister's comments. I say with great respect to the minister, I did not realize I was out of order and the Chairman did not rule me out of order. The Chairman suggested, after your advice, that you might need 10 minutes to respond to my opening questions. I gladly gave it up. It is not a question of not knowing the rules. I could have taken the full 20 minutes.

**The Chair:** Mr Mancini, the minister did not suggest he wanted 10 minutes to answer you. I simply wanted to make clear whether you wished the minister to respond and I was not going to allow him extra time to respond to your questions. That is all.

**Mr Mancini:** I understood that clearly.

**The Chair:** The minister could be very helpful if he moved directly to at least four questions I heard Mr Mancini raise specifically. The committee gets its direction from its Chair and its attitude from its audience, and I would appreciate it if the minister could respond directly to the questions as Mr Mancini has posed them. Thank you.

**Hon Mr Pouliot:** Thank you, Mr Chairman. The member has mentioned some interest in the relocation commitment made by the previous administration. It is intended to go to southwestern Ontario. You were talking about the movement of people from Toronto, from Downsview.

**Mr Mancini:** I did not ask that question, with all due respect.

**Hon Mr Pouliot:** Okay, on the relocation—you said you asked four questions.

Non, non. Répétez-les. Il n'y a pas de problèmes ici.

**The Chair:** I suggest there were the extended-truck vehicles and the 700 licence issuance—

**Mr Mancini:** Equalization of gas prices.



**The Chair:** Maybe the deputy minister—

**Hon Mr Pouliot:** No, no, no. We have 10 members of staff here who are listening and I am sure they will be taking notes very shortly to make sure we get the right answer. All those questions will be answered meticulously so I do not make one mistake, if I say approximately 50-foot trailers and so on.

Broadly summarized, the intention of the government is that we have 48 feet. We are opposed to longer trailers. I think we are on record as having said that or we certainly were opposed, and I spoke at some length. You mentioned in your opening statement that the total for 53-foot trailers was 1,398—that is a note given to me, that those permits are held in the US, and 2,154 are Canadian.

**The Chair:** Mr Mancini, I hear a lull. You can jump right in. It is your time.

**Mr Mancini:** Can I ask the deputy what was the total block of special permits approved, for lack of better words, for the longer tractor-trailers, the exceptional-length tractor-trailers? Do you remember?

**Ms Jacobsen:** They were broken out into two types. They went to manufacturers, and as the minister said, this was broken down into even smaller units. Of the manufacturers, 1,224 were US-built and 776 were Canadian-built, and of the carriers, 1,378 were Canadian-built and 622 were US-built. They were on a first-come, first-served basis up to a cap of 2,000.

**Mr Mancini:** I want to deal exclusively with the carriers. The deputy has basically confirmed my figures. I used the figures of 1,300 and 700. I hope we can round off figures, if it is appropriate. I appreciate the deputy confirming that. What I want to know from the deputy is whether or not it is correct, as has been told to me, that the first 1,300 and/or 1,378 licences were given basically to Canadian carriers and that a decision was made early in the term of the previous minister, early in the term of the new government, that the remainder of the 628 special permits—let me call them that—were given exclusively to American carriers. Is that correct?

**Ms Jacobsen:** No, it is not. I would need the support of the assistant deputy in terms of the actual facts, but it was on a first-come, first-served basis. It was irrespective of country, because we could not specify country.

**Mr Mancini:** Minister, if I could please make this request, to receive from yourself and ministry staff a sheet of paper which would outline for me and the committee all these figures that we have discussed, but specifically zeroing in on the carriers, who got what permits, when they received them, etc, because it has been told to me that there was a cabinet decision in regard to the last batch of trailers, that the special permits went exclusively to Americans. I want to know whether we as the Ontario government were under pressure or under law or under any pretext of law. Why did we have to give these to American carriers? I would like that answer included in the explanation as to when all of this took place.

**Ms Jacobsen:** We will give you the details in terms of timing, but at no time did the ministry specify the location

in terms of where the origin was. We will give you the dates and times. It depended strictly on first come, first served throughout the whole process. We will give you that in terms of the facts.

**Mr Mancini:** I would like to know why American carriers had access to these special trailers. There must have been a policy decision somewhere that said everybody in North America has access to these special permits.

**Ms Jacobsen:** There is legislation that in fact precludes us from specifying that they can only be given to Canadians.

**Mr Mancini:** Is there anything in law which would have precluded a regulation, an attachment to the legislation, which would have deemed that these special permits be made available only to Ontario/Canadian drivers?

**Ms Jacobsen:** Yes. We will include that in the briefing note that gives exactly the legislation in terms of—

**Mr Mancini:** I want to see how hard the government is fighting the free trade agreement. That is going to be part of this.

**Ms Jacobsen:** Okay. We will show you in terms of the legislation and the requirements that we had to live with.

**Mr Mancini:** Finally, I know we do not have time now, but I must know the minister's position on the equalization of gasoline prices.

**Hon Mr Pouliot:** I think you will find on the equalization of gasoline prices that, for instance, before the last budget, northern Ontarians were paying \$33 for licence plates to have access to roads, if you wish. They are not paying anything now. In your figures, you mentioned the difference was between \$88 and \$110, which would make it \$22. We went one step further. In accordance with your own figures, we put—

Interjection.

**Hon Mr Pouliot:** Let me answer, please. We put \$33 in the pockets of licence holders anywhere from Parry Sound to Hudson Bay. That is what we have done. It was quite a substantial saving. You are right, there is still some disparity between north and south. In fact, within the greater Toronto area I am told of disparities sometimes that will border on as much as five to six cents a litre in self-serve, full-serve and world prices from time to time, so it is quite different indeed.

**Mr Mancini:** I appreciate the minister's answer, but I am still waiting to hear his views specifically on the disparity in the equalization of gasoline prices throughout Ontario. I have not heard that answer.

**The Chair:** Neither have I.

**Mr Mancini:** The figures the minister quoted from me were the increases, not the existing. That is what I was trying to tell you, sir.

**The Chair:** Mr Daigeler, we are very short of time and I apologize.

**Mr Daigeler:** Just very quickly, I want to put the minister on the alert so the staff can perhaps get the information at the appropriate time. I ask the minister to give me an update on the status of the Highway 416 project in eastern

Ontario and also an update on what is happening to Highway 17 towards Pembroke. If you can get that information, I will be asking that question later.

**Mr Mancini:** I have one question for the Chair. This has been done in the past so we are not asking for anything new and perhaps the committee and the minister would agree. We are fast going to run out of time, sir, and we are not going to have the opportunity to hear each and every one of your answers, unfortunately. In the past, ministers have prepared written answers to questions that have not

been verbally asked, and forwarded them to the members of the committee even some weeks after the committee estimates procedure was completed. I ask for the same courtesy.

**The Chair:** That is done routinely and I have the undertaking of the minister and his deputy. There being no further business at this moment, the committee stands adjourned until 3:30 on Tuesday 22 October.

The committee adjourned at 1802.



## CONTENTS

Wednesday 16 October 1991

Ministry of Transportation . . . . .	E-515
--------------------------------------	-------

### STANDING COMMITTEE ON ESTIMATES

**Chair:** Jackson, Cameron (Burlington South PC)  
**Vice-Chair:** Marland, Margaret (Mississauga South PC)  
Carr, Gary (Oakville South PC)  
Daigeler, Hans (Nepean L)  
Farnan, Mike (Cambridge NDP)  
Johnson, Paul R. (Prince Edward-Lennox-South Hastings NDP)  
Lessard, Wayne (Windsor-Walkerville NDP)  
McGuinty, Dalton (Ottawa South L)  
McLeod, Lyn (Fort William L)  
O'Connor, Larry (Durham-York NDP)  
Perruzza, Anthony (Downsview NDP)  
Wilson, Gary (Kingston and The Islands NDP)

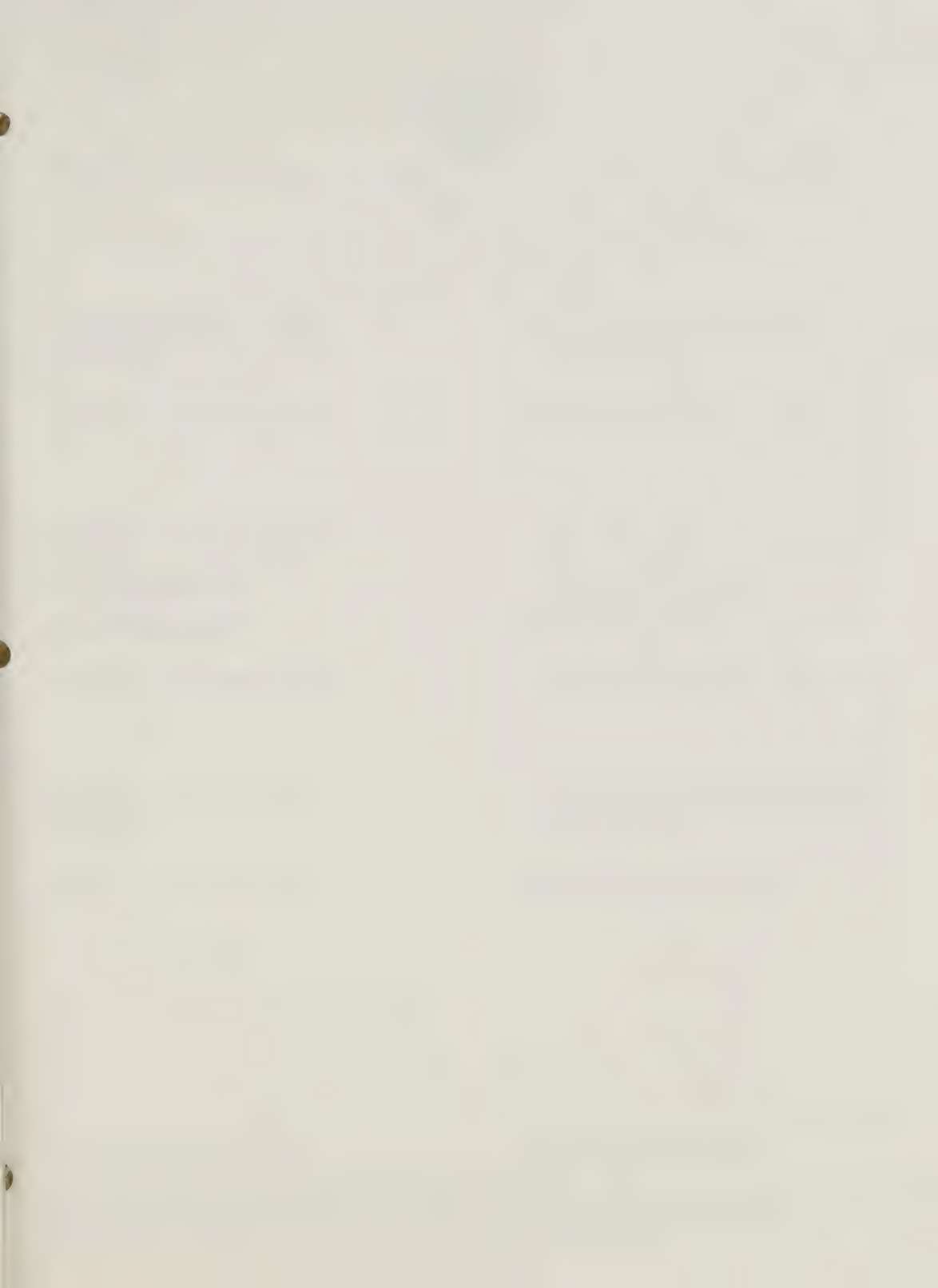
#### **Substitutions:**

Abel, Donald (Wentworth North NDP) for Mr Farnan  
Haeck, Christel (St Catharines-Brock NDP) for Mr Perruzza  
Haslam, Karen (Perth NDP) for Mr G. Wilson  
Mancini, Remo (Essex South L) for Mrs McLeod  
Turnbull, David (York Mills PC) for Mr Carr

**Clerk:** Carrozza, Franco











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Tuesday 22 October 1991

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Ministry of Transportation

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Première session, 35<sup>e</sup> législature

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Le mardi 22 octobre 1991

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Chair: Cameron Jackson  
Clerk: Franco Carrozza

Président : Cameron Jackson  
Greffier : Franco Carrozza

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## Table of Contents

Table of Contents for proceedings reported in this issue appears at the back, together with a list of committee members and other members taking part.

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## Table des matières

La table des matières des séances rapportées dans ce numéro se trouve à l'arrière de ce fascicule, ainsi qu'une liste des membres du comité et des autres députés ayant participé.

Il existe un index cumulatif des numéros précédents. Les renseignements qu'il contient sont à votre disposition par téléphone auprès des employés de l'index du Journal des débats au (416) 325-7400.

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON ESTIMATES

Tuesday 22 October 1991

The committee met at 1538 in committee room 2.

### MINISTRY OF TRANSPORTATION

**The Chair:** We have five hours and three minutes remaining to complete the estimates of the Ministry of Transportation.

Before I proceed, Mr Lessard has asked me if he may raise a matter for the committee's attention.

**Mr Lessard:** I have one brief matter I would like to raise. Yesterday, I got this big envelope from the standing committee on estimates and it was filled with briefing books all in French. Although I realize the importance of having materials available to persons in French, they are not much assistance to me, at least not at this point in my career.

I was wondering whether the clerk gets many requests for briefing books in French. If not, then I wondered why they were prepared and whether they are sent out in French to all members as a matter of course. If so, they are not much use to me. I suggest they only be sent out to members if they request them. That is my point.

**The Chair:** Would the committee like me to clarify or do you want to comment?

**Mr Farnan:** Like the member, I am not personally very fluent in French. However, I have to say that I really appreciate having this in French, because for many of my constituents French is their first language and it is used in their homes. We have very often been able to respond to our constituents by providing this material in French and they very much appreciate it. I think that material should be available.

**Mr Mancini:** This will be the only time during these estimates that I will defend the minister. I believe it was appropriate for the minister, or whoever sent them out, to have sent out the documents in French. I think it is appropriate for the ministry to have the documents available in French. As critic, I know the information is going to be useful and used.

**Mrs Marland:** I cannot say how delighted I am to support the question raised by the member for Windsor-Walkerville. The reason I am delighted that a government member has raised this question is that several months ago I wrote to every minister of every ministry of this government and requested that all future material sent to my Queen's Park office or my constituency office be only in English. I did that because, after being a member for six years representing Mississauga South, I have never received a request for any government publication, press release, document, regulation, anything, in French.

The response from the various ministries has been very interesting. I have had a standard response wherein the minister, through his staff, has been very courteous and accepted the fact that it made more practical sense not to

waste taxpayers' money sending me material for which I had no use and that only ended up being disposed of in the recycling bin. It made far more sense not to destroy more trees than necessary, because the material was being wasted. Some of the ministries, however—and I do not recall what the answer was from the Ministry of Transportation—adhered to my request very courteously and others gave the insulting response of referring me to the French Language Services Act, with which I am fully familiar.

**The Chair:** Mrs Marland, I would ask you to stay to the point of the estimates books. In the interest of the task before us, I would ask you to summarize your comments so that I can advise the committee of the facts of the question that was raised.

**Mrs Marland:** As far as I am concerned, Mr Chairman, whether this material was distributed by the clerk or the ministry is insignificant. What is significant is that we waste money printing materials in French which may or may not be used by members. In this particular instance, I think it is the first time I have ever seen an estimates book published in French.

The fact is that with today's system of communication, if I need something in French, I can get it instantly from any office of the government through my fax machine. I suggest that this question is well raised by an intelligent member of this committee who has a right to question material that he has received, which in my opinion is a waste of taxpayers' money, if it is not going to be used by that member. Every ministry, including this Ministry of Transportation, should watch very carefully the distribution of material in both languages if it is not required and is not going to be used. Certainly in the case of both my offices, I have no constituents who require that any of their material be in French. Thank you.

**Mr Farnan:** Mr Chairman, on a point of order: I noticed that the member who has just spoken wants to put it in the garbage. I think if you are not going to use it, you should—

**The Chair:** What is your point of order, Mr Farnan?

**Mr Farnan:** It should be sent back to the ministry.

**Mr G. Wilson:** A good point.

**The Chair:** It is not a point of order. Thank you, Mr Farnan. I would like to respond to the question raised by a member of the committee. I have allowed for comment from each of the representatives of each of the parties.

**Mr Daigeler:** Mr Chair?

**The Chair:** Mr Daigeler, briefly please.

**Mr Daigeler:** Since we happen to have the minister responsible for francophone affairs at the table, I would be interested in his response to this question asked by a member of his own caucus.

**The Chair:** Before the entire question that Mr Lessard raised is put out of context, I would like to respond, first of all, that I asked the clerk of this committee to advise me of those ministries that this committee had selected, which had their estimates book completed in French. I must reassure all members that it has been the policy of this and the previous government to have the estimates books prepared and printed in both English and French. I simply asked the clerk to advise me of those ministries which were able to complete the task of preparing them in both languages.

We apologize if some feel it was inappropriate that a copy was sent to them, but I want you to appreciate that in no way was additional expense borne by the government as a result of the decision to send every member of this committee copies of a report that has been published and printed and is available in accordance with the policies of the government.

I hope that matter is resolved. This is not the day nor the forum to discuss the government's policy on providing government services in English and French. Having said that, unless there is a motion to present, I would now like Mrs Marland to proceed with the estimates of the day.

**Mr Daigeler:** I have not had an answer yet from the minister. Given the nature of the—

**The Chair:** That may be your opinion, but it is my ruling that the—

**Mr Daigeler:** Mr Chairman, right now I still have—

**The Chair:** No, you asked me for a ruling as to how I was handling your request.

**Mr Daigeler:** No, I have not asked for a ruling. I have simply indicated that I have not heard yet from the minister for francophone affairs, and I look forward to hearing something from him.

**The Chair:** Mr Daigeler, I am going to suggest that the minister is here to do his estimates. If you felt so impelled to pursue this issue, the Liberal caucus could have asked, as part of its regular rotation, the office of francophone affairs to present before this committee.

**Mrs Marland:** It was not raised there.

**Mr Daigeler:** That is true, Mr Chairman. It was not raised by this caucus. It was raised by a member of the minister's own caucus.

**Mr Farnan:** The Chairman has ruled.

**The Chair:** Order, please. The member simply asked the question as to why the documents were sent to him. I allowed, perhaps wrongly, a very brief discussion on the subject.

**Mr Daigeler:** Quite properly.

**The Chair:** Then I explained to the member exactly what had happened. Now I have answered the member's question. If the other members wish to pursue this matter further, they can pursue it with their House leaders. They can pursue it as additional business for this committee. But at this time, I recognize Mrs Marland to proceed with the estimates of the Ministry of Transportation.

My rulings, as always, are subject to question. If there is not a call for a question, Mrs Marland, please proceed.

**Mr Farnan:** Your rulings are impeccable, Mr Chair.

**The Chair:** Thank you.

1550

**Mrs Marland:** I am actually here this afternoon, not as the critic for our caucus for the Ministry of Transportation, but until the critic is able to arrive from another commitment. However, I have a number of questions, and I would like to start with a parochial question for my own riding dealing with the redesign and reconstruction of the interchange at Dixie Road and the Queen Elizabeth Way. In dealing with that project the overall provincial question is, how does the ministry prioritize for this kind of major construction project in the province?

**Hon Mr Pouliot:** As always, the member for Mississauga South raises questions that are relevant and filled with validity, whether they are parochial or not. We are talking in terms of a most important and crucial service, and to anticipate and act on the needs of the people whom you represent is a normal reaction with you. Therefore, suffice it to say that this kind of relevant question deserves all the attention the question commands and addresses, so to address the question in more than a normal fashion, in a meticulous fashion, I will ask Mr Carl Vervoort, who is with the Ministry of Transportation, to answer your question.

**Mr Vervoort:** Mrs Marland, the basic process, I believe, that would apply to all projects in the ministry with respect to capital investments and improvements, is to consider matters related to demand, the volume of traffic and the projections for future traffic at the particular location; to examine what the safety and operational requirements are for the site; to determine if there are any existing deficiencies that need correction; and at the same time to look at the availability of funds to determine what may be the most appropriate investments to be made with those scarce resources.

Perhaps the last comment I can make with respect to factors that would influence the setting of priorities would have to do with work in the vicinity, and frequently work has to be scheduled on the basis of impact on traffic. Perhaps by way of example I can illustrate that point. A lot of the work we would do of a regular rehabilitation nature would be for widening or structural rehabilitation. To do that work there is frequently a requirement for detours, so the staging of many projects is related to the ability to provide appropriate detouring and staging for the construction work. That would be a supplemental consideration in the sequencing and prioritizing of improvements to the highway system.

**Mrs Marland:** The problem develops where the priorities apparently get changed from year to year. I have seen that happen where we were told where the priorities were for the construction of noise attenuation barriers along major highways in the province, and then the prioritization of individual projects would be shuffled.

It is very significant when a community has been looking at the redesign and reconstruction of a major interchange for over 20 years. In my particular case this is a project I have questioned for each of the last six years, so you are only the last minister to receive this question. The Dixie Road-Queen Elizabeth Way interchange is known to be a



hazardous interchange because it is antiquated in design and we would never design an interchange like that today.

It remains a point of discussion and review every year by the ministry. I have asked every minister to at least commit it to the five-year capital budget, or even, at worst, the 10-year capital budget. Every single minister writes back an identical letter. I can understand why, because the identical letter is probably written by the identical staff each time.

In this particular case, we have a situation that should be reconsidered by the ministry because it is adjacent to the Dixie Mall, which is under major renovation, with a proposal for a further addition. This mall has already received a major addition and it made the function of that interchange even less desirable than it was before. Now they want to build a second addition and in my opinion, speaking as someone who knows the community and the lack of function of those roads involving a service road, the QEW and Dixie Road, which is a regional road, it would seem to me that the ministry should be very much involved in the discussion of any further addition to the Dixie Mall at the same time, instead of just talking about this project and always putting it on the back burner.

I understand now that the final design for this project has pretty well been agreed to, both by the ministry and the community, and of course it involves four quadrants, four different communities.

I fail to understand why there cannot be a commitment to do this project once and for all. It has been required and discussed with the community, as I said, for over 20 years. When you go west from there, you now have the ministry doing a survey of what the community would like in terms of the redesign and reconstruction of Highway 10, Hurontario, and the QEW. I know the ministry has a resolution by the city of Mississauga council concerning another very unsafe interchange at the QEW, Southdown Road and Erin Mills Parkway—Southdown Road on the south side and Erin Mills Parkway on the north side. That interchange is also antiquated and has a very heavy volume of traffic. There is a litany of major serious accidents at that location. So here you have a situation where Dixie Road was identified for reconstruction 20 years ago, when you know who was the government.

**Hon Mr Pouliot:** Was Hazel McCallion in office, though?

**Mrs Marland:** Not quite. I am talking about the provincial government.

In the middle you are starting to spend staff time and resources on the Hurontario interchange. Frankly, the community is saying it is not interested in talking about that interchange, it is interested in getting one of the other two built, Dixie Road first and then Erin Mills and Southdown Road.

I think it is unfair to lead the people of Mississauga around by the nose, promising them that these projects are seriously being considered, and then we cannot get any minister of any government, no matter what party, to put these projects in the capital budget of this ministry.

**Hon Mr Pouliot:** You have been pointing this out again and again—and you hide the length of your tenure

very well—to three different governments, including the administration you have served so well.

If you have some facility that suffers from structural obsolescence and needs replacing, it has to enter the wheel. You feel that all has been documented, all has been said, but nothing has been done. One interchange and then you bring on another interchange, and the point is valid indeed: you have more than one problem there. Before I ask Mr Carl Vervoort, because he is most familiar with the status of the project you have mentioned, let me say that some proposals are filled with complexities. We are talking about land ownership, partnership, and ratio: who is going to pay what percentage of what project. We are also talking about some timetables that are lengthy, be it environmental assessment, design engineering and massive capital spread over so many years at times. You are right, patience becomes virtuous indeed. But there is forward momentum. Carl, would you like to add to what I have said?

1600

**Mr Vervoort:** There is recognition for the three sites that have been identified by Mrs Marland. In fact, we share her view of the priority of those improvements. At the Queen Elizabeth Way, Southdown Road and Erin Mills Parkway interchange, the preliminary design is complete and the ministry is at present protecting property on the basis of that design.

With respect to the QEW and Dixie Road, as Mrs Marland may be aware, the preliminary design study is currently in progress and is just about complete. I am not aware of the extent to which the matters of the improvements to the Dixie Mall have been brought to the attention of the planners. I will certainly take that forward from this deliberation to the appropriate staff to ensure that the staging and those improvements are included and recognized in the design.

**Mrs Marland:** Mr Vervoort, would you be interested in meeting with the city planners and project planners for the expansion of the mall to consider where there might be a cost-sharing from the developer of the mall to improvements at that interchange, possibly even to consider a slip-off or a slip-on lane from the mall to the Queen Elizabeth Way similar to Yorkdale mall and Highway 401? Would you be concerned enough that you think your staff should be part of a discussion dealing with any increase in traffic in that area with any addition to the mall?

**Mr Vervoort:** Yes, I believe they should, depending on the nature of the entrances. I am frankly not familiar with the detail of the site. In a general way, the location of major traffic generators—and a mall is obviously one of those—the location of entrances to such malls, to and from arterial roads and the proximity of those intersections with the ramp terminals of exit and entrance ramps for the free-ways are crucial items in the efficient operation of the road system in the immediate vicinity.

**Mrs Marland:** So you would be willing to meet.

**Mr Vervoort:** I expect the discussions have already taken place, but I will ensure that there is a special meeting with the mall developers to ensure that their

future plans, both in initial stages and in the ultimate stages, are recognized.

**Mrs Marland:** My question is very specific, though. Would your staff, Minister, be willing to meet with me, as the MPP for that area, and the city and regional staff, obviously, because a city road and a regional road is involved, together with the developer of the mall and executives of the area residents associations?

**Hon Mr Pouliot:** I do not wish to answer on behalf of the staff of the ministry, but they would see it as an obligation and a duty and therefore very much look forward to it. Carl, I would appreciate it, not to add to the credibility of your contribution, for it is flawless, if you would not say, "Yes, Minister." Can we have a better rapport? Can we strike this?

**Mr Vervoort:** Understood, minister.

**Mrs Marland:** Is Mr Vervoort going to be the person responsible? Do you agree to that kind of meeting?

**Mr Vervoort:** Yes, I will make sure it is arranged, that there is opportunity.

**Mrs Marland:** Thank you. I am happy to leave that subject now that I have the assurance of a meeting involving those parties. Thank you, Minister.

The ministry lists as one of its initiatives the development of a framework for a corporate financial purchasing and supply systems study. Why is this an initiative, and what will be the cost of developing such a framework?

**Hon Mr Pouliot:** One of our very talented and knowledgeable staff, Norm Mealing.

**Mr Mealing:** I am the assistant deputy minister in charge of corporate services. I think you were referring to the development of the framework for purchasing and financial management, that particular study, and your question was, again, please?

**Mrs Marland:** Why is this an initiative and what will be the cost of developing such a framework?

**Mr Mealing:** I cannot answer the question in terms of the eventual cost. So far we have commissioned a consultant study in the order of about \$250,000 to examine the various aspects of the system.

Why is it an initiative? The ministry is in the process of trying to bring to the proper levels in the organization the ability to make decisions across a variety of areas. Most specifically in the purchasing area, we have a system that is at this point fairly centralized and not particularly automated, and it is our sense that there are significant opportunities to improve the service we provide through the purchasing area and through the financial information area by implementing a system of this sort.

**Mrs Marland:** I would like to ask another question that is probably not directed at the same staff person. Unfortunately, I do not have these questions in a specific order, which would have been more helpful, I realize. I would like to ask about details of the St Catharines relocation: the exact site of relocation and the cost of construction and the hard and soft costs of the move.

**Mr Mealing:** You have the right person. At the present time there are three sites in St Catharines that we have

examined in concert with the city and we are doing a number of studies with respect to soil conditions and things of that order. Those sites are primarily central to the city of St Catharines because one of the purposes St Catharines has articulated for the move is to assist in downtown redevelopment.

As for the cost of the move, the present estimate for the move to St Catharines is in the order of \$337 million, of which about \$240 million would be for the construction of a new building.

**Mrs Marland:** If you do not have the \$25 million for my interchange, why would you want to spend \$330 million on this project? Why is this move a priority?

1610

**Hon Mr Pouliot:** Why the government of Ontario does not have \$25 million for your project to serve your constituents, I am sure, is a matter—the budget of the Ministry of Transportation is \$2.8 billion in its entirety. Fully \$1.1 billion is spent on provincial highways. A sum exceeding \$800 million, on top of the \$1.1 billion, is spent on transfer payments or for municipal roads, if you wish, which is a significant increase over the previous years. What we have, for instance, is \$1.28 billion identified over a five-year program. We are right on track. If you are in the wheel, you will get it; it is a matter of time.

No government ever had, or I suspect ever will have sufficient funds to satisfy the appetites. We have a \$30-billion investment in terms of infrastructure. It is the highest it has ever been, and we hear, "Why don't you have the \$25 million?" I come from a special part of northern Ontario where I hear that and, "Why not?" I have been hearing it for seven years on a daily basis and I heard it for 10 years before at the municipal level as well.

**The Chair:** And you are still hearing it today.

**Hon Mr Pouliot:** Yes, of course.

**The Chair:** I just wanted to indicate to Mrs Marland that was the end of her session. I would like to recognize one of your members when you are finished, Minister. Excuse me for interrupting you.

**Hon Mr Pouliot:** I was under the impression I had written down 4:20, Progressive Conservatives, distinguished Margaret Marland 4:25.

**Mr Mancini:** Not that distinguished.

**The Chair:** No, her time is up.

**Hon Mr Pouliot:** It is a matter of conflicting priorities, but no project is left unaddressed.

**Mr O'Connor:** I sat here last week as you gave us your remarks and found it very interesting when you told us about the size of your riding and how eloquently you spoke; but more particularly, on page 4 of your remarks you talked about developing a more cohesive approach to long-term, long-range transportation planning and how we can focus on transportation for the future. On the bottom of the same page you state: "Ontario's highways, rail, air and water transportation systems are an investment in the future. Our planning is a dynamic process that takes into account new technologies, issues and social changes."

Over the course of the past 100 years, there has been a significant link, a network of rail transportation developed



right across the whole province. Now we are seeing deterioration of this, for a number of different reasons. Some lines became redundant, going to places that no longer needed that type of access and service. My question is, what about trying to protect and save some of these corridors for the future? If we take a look, for an example, in my riding we have the GO train that goes to Stouffville. The other end of that line runs on to Uxbridge and Lindsay. Is the government looking at any way of trying to protect some of those rail lines for the future?

**Hon Mr Pouliot:** Go Transit has expressed an interest in the corridor from—you do not mind if I refer to my notes? There are 836 municipalities in Ontario.

**Mr O'Connor:** I only have five of them, so by all means refer to your notes.

**Hon Mr Pouliot:** My notes indicate to me that MTO's initial cost estimate, done by the Ministry of Government Services, of the right of way is \$2.4 million. Go Transit has expressed an interest in acquiring the corridor from Stouffville to Goodwood, approximately five miles, or eight kilometres. The region of Durham expresses an interest in seeing the corridor preserved. The Durham Heritage Railway Association has been working to establish a rail museum in Uxbridge and wishes to initiate a tourist train between Stouffville and Uxbridge. The town of Lindsay—I am sure you are familiar with the township of Lindsay—and the township railway committee have had representatives from both parties, local industries and municipalities, who would like to see the corridor retained for rail transportation towards finding tourist rail potential.

What does it mean? It means \$2.4 million has been identified as the cost estimate. MTO has requested that the track remain in place, and it is to this day, so we hear you loud and clear and in the process of building our budget for next year that is going to come under review.

**Mr O'Connor:** So the track will remain there.

**Hon Mr Pouliot:** Yes.

**Mr O'Connor:** Further on that question, as we slowly see an increase in the network of GO Transit, rail transit, and the trains accessing different communities within the greater Toronto area, as they expand, bus services are eliminated because they are no longer needed. Has anything been looked at to expand bus services to some of the smaller municipalities? For example, in my riding up around Lake Simcoe they are on a side bus route and what not. It does not look like they will be looking at GO Trains going up to Sutton or Keswick in the near future. Could you comment on that?

**Hon Mr Pouliot:** I am going to stay away from political commitments that were made by whatever regime over the decades. You are aware of the Toronto Transit Commission in Metropolitan Toronto. You have GO Transit that goes through the GTA, and you also have forces that are asking that GO Transit be extended, for instance, to Barrie, and as far as Niagara Falls, in some cases to pick up the slack left by Via Rail and by other modes of transportation. Off rail, where rail does not go, you are also asking that more buses be added to the GO Transit system. We are also asking that fair competition be the order of the day, somewhat regulated,

but with the private entrepreneur, people who provide that essential service in the private market. You have all those competing forces.

You also have the responsibility of determining where you get your best value for money. For every dollar in the fare box, the taxpayers of the province are subsidizing it, plus they pay for the equipment, so you are always asking them to pump more and more money in to extend the service and to go another 15 miles, another 20 miles.

Given the size of the province, sure, we are cognizant that 4 million people out of 9.8 million reside in the greater Toronto area, which is less than half in the province. When we look at the amount of money allocated for public transit, both in terms of capital and in terms of operating, we have to be able to justify that, first, the taxpayers of Ontario are getting value for money, but that all parts of Ontario are served equally, given some criteria. It is difficult sometimes to reconcile, and you have to say, "What is the cost of your infrastructure?" You still have less than 50% of the people, but do you take 60%, 65%, 70% of the money allocated to GO Transit, both capital and operating?

I know that in the special part of Ontario I come from, I for one try to be quite diligent, more vigilant, and look long and hard at all those figures, especially when I look at the TTC and at GO Transit, and when I look at other special parts of Ontario as well, northeast, northwest, the north. The point is well taken in terms of—

**Mr O'Connor:** When we expand GO Transit, rail transit, to different communities, is there not a way that the Ministry of Transportation can utilize the buses that are then surplus—all of a sudden, we have a yard full of buses.

**Hon Mr Pouliot:** Tom Smith is the general manager of GO Transit, and when it comes to a presentation and knowledge of GO Transit, this committee and other audiences are not privileged, they are blessed indeed. Tom, would you please help us?

**Mr Smith:** Yes, Minister.

**The Chair:** This means you are better than Lou Parsons ever was.

**Mr Smith:** Really, Lou should be here to answer some questions maybe.

Was your question specific to service to the southern part of Lake Simcoe, or was it a general question?

**Mr O'Connor:** I use that as an example because I can relate to it. So many of my constituents have to take the roads because there is no bus linkage for them to go to, say, Markham and some of the new industrial and commercial areas there.

1620

**Mr Smith:** The simple answer to your question is yes. As we make changes in rail services and buses are available, then we would look at additional locations where we could use them. One of the areas we are looking at is greater use of the Highway 404 corridor. There are a number of municipalities along that, and we would possibly go as far as the southern part of the southern shore of Lake Simcoe. That is being examined. You might anticipate some changes in the not too distant future.

**Mr O'Connor:** I have never seen a GO bus on Highway 404, but I would think one bus could substitute for an awful lot of cars and commuters.

**Mr Smith:** Yes. One of the concepts is to make greater use of the freeways, both 400 and 404.

**Mr Lessard:** I have some questions, Mr Chair.

**The Chair:** Trying to get back in the minister's good books, are you?

**Mr Lessard:** I will try.

**The Chair:** Go right ahead.

**Mr Lessard:** I know during the spring there was a review being done with respect to bicycle transportation and I was wondering what the status of that review is?

**Hon Mr Pouliot:** So that you will get value for your question, I will ask Mr Dave Guscott, who is the assistant deputy minister of policy, to answer your question.

**Mr Guscott:** I would like to update you on the status of the bicycle review policy that Mr Lessard was referring to. We were faced with the situation a year ago last August of having a policy in the ministry which essentially said that bicycles were not a viable form of transportation and that we would not subsidize any of the works that go with them, unlike what we do for the automobile and for transit. This seemed to be a policy that was well past its reasonable stage and deserved a careful look, and to that end we explored the question.

We also noticed there was increasing concern over bicycle safety and bicycle ridership had increased substantially. Over and above that, it was becoming very clear that environmental concerns, especially related to emissions and a reduction in transportation, were an ongoing and serious concern to all parties.

We decided to undertake this review essentially from a standing start. We had gone 11 years without any review of the policy and felt we needed to cover the province and, in a comprehensive manner, all those with an interest in the particular issue. To that end, we decided on a consultation approach that would involve municipalities, interest groups, the general public and some international review of the literature on what was happening in other jurisdictions around the world.

We set forward a work plan that involved five public meetings. We were able to come in direct contact with over 600 interested parties throughout the province in meetings that were held in Ottawa, Toronto, Thunder Bay, Sudbury and London.

During the course of the meetings, the public brought to our attention greater concern about other issues such as the enforcement of legislation related to bicycles and the Highway Traffic Act. They talked about urban and interurban needs. There was perhaps a surprising amount of interest in examining ways that bicycles could be seen as interurban transportation, at least in a recreational sense. Over and above that, bicycle theft and the interaction of bicycles and pedestrians were some of the items brought to our attention. There was apparently a clear lack of space for bicycles as our urban centres were developing. We were widening curb lanes, we were widening shoulders, we were making

sidewalks more pedestrian-friendly, but we were not doing anything for bicycles per se.

We conducted that study and those public meetings over the past year. The report is at its final draft stage now and we expect to be receiving it in the next few weeks.

**Mr Lessard:** Great. In the city of Windsor, before being elected, I was involved in the preparation of a report. In fact, that is a report that has won a number of awards in Ontario and Canada. One of the recommendations of the report—and I am sure this came out during the review process—was with respect to cost-sharing for road construction. An argument that was always given to me by my municipality was that we cannot add any extra asphalt on the side of the road to accommodate cyclists because we do not get any provincial money for that purpose. I wonder if that is something that is addressed through the review as well?

**Mr Guscott:** Yes, the issue of how the provincial government and even the Ministry of Transportation can assist the utilization of bicycles as a alternative form of transportation is included. The report has explored a number of options for financing those measures because there have been barriers within our own policies which have made it more difficult to develop bicycle transportation.

Over and above that, we have also looked at non-financial measures, things that can be done through the planning process and planning guidelines, standards that could be used by municipalities etc to improve the capability. Not all the measures will require more money, but certainly we have had barriers to implementation because of that.

**Mr Lessard:** One of the things you mentioned was enforcement of the Highway Traffic Act, and I suppose amendments to the Highway Traffic Act were part of the submissions as well. I know there is legislation that has been introduced with respect to requiring the use of bicycle helmets by cyclists. Is that something that is addressed in the review, and if not, I was wondering whether the minister has any opinions with respect to that requirement.

**The Chair:** Minister, do you wear a helmet when you go bicycling?

**Hon Mr Pouliot:** Suffice it to say, before I was appointed Minister of Transportation I wore my seatbelt all the time. Now I wear it even more often.

**Mr Guscott,** on bicycle helmets for Mr Lessard, please.

**Mr Guscott:** Perhaps I could comment on how that issue came up during our public meetings around the province. There was concern about safety aspects. There was some caution raised when it was suggested that the way to enforce it was just to require people to wear helmets, as they do on motorcycles. The difficulty is that bicyclists cover a lot broader age range, and it is difficult to enforce the wearing of a bicycle helmet by a six- or eight-year-old bicycling on the street.

Having said that, it is recognized that it is absolutely imperative that through education and other means we find ways of showing the public and making parents well aware of the safety aspects of wearing a helmet when bicycling.

**The Chair:** My brother once got a ticket when bicycling for not stopping at an intersection. He lost three points or something at the time. He just came home shaking his head.



He could not believe that his insurance went up by \$500 because he was riding a bicycle and went through an intersection. I think it is an item that has been well raised and worthy of a fair amount of discussion.

**Hon Mr Pouliot:** The member for London North, Dianne Cunningham, has moved a private member's bill on bicycle helmets, and it is going to committee. The bill is asking mainly for increased use of the bicycle helmet. It would be good to keep our eyes open in terms of where the bill is going and when it does go to the committee, and to make it a point to be present and to participate in that debate.

1630

**Mr Mancini:** I want to remind the minister that a number of questions were put forward by myself, and it looks like we may have the answers. Before I take up my questioning where I left off last week, I would for a very brief moment like to pick up on the member for Windsor-Walkerville's questions in regards to the wearing of helmets for all bicyclists.

I remember very carefully, and almost as if it was yesterday, the debate in the Legislature. The private member's bill introduced by the member for London North was one calling for mandatory requirement of anyone riding a bicycle to wear a helmet. While I think calling for the wearing of helmets on bicycles is needed, I was not prepared on that particular day, as the critic for Transportation for the Liberal caucus—everyone knows it is private members' hour, so members could vote as they wished. I remember very carefully asking three or four questions that no one wanted to answer. As a matter of fact everyone who spoke refused to answer, particularly the proponents.

Not having received any answers in the Legislature, I would like to pose two or three questions to the minister which he can answer at his convenience, either by memo or in the same fashion as he has prepared some answers today.

Has the minister had some discussions with the police forces of Ontario as to how much more human resources, how many more personnel would be needed to police this new mandatory requirement? Have you had discussions with the police forces? They may be interested to discuss this with you.

Second, if as I believe they are going to require greater resources to do this, who is going to pay for it? Are you going to force the municipalities to pay for this even though it will be provincially mandated?

Last, and just as important, how are you going to provide helmets for children in situations where their families are unable to financially supply helmets? If you have a large family or if you have an unfortunate economic circumstance due to a layoff, plant closure or an economic institution being wooed from one province to another, as we saw in the recent election goings-on in Saskatchewan, I want to know from the minister his views on how we are going to provide these children with helmets. Are we going to tell poor children or children who are in economic circumstances that are less favourable than others that they should not ride their bikes?

These are questions I have put forward in the Legislature, which no one wanted to answer, but now that we have you

before us, minister, and now that we know how seriously you are taking this whole issue of bicycling, I think we need answers to these questions. I believe the public would be most interested to know, as would other interested parties I mentioned earlier on.

Unfortunately, I cannot devote any more time to the trucking industry because we have so many other issues to cover. It is too bad because the issue is of such great importance. I guess "crisis" is the only word to describe the industry, but I believe the questions I put forward the other day may be useful if we are able to elicit any type of substantial information from the minister.

I want to ask, though, one related question in regard to what seems to be the regular occurrence of blockading the Ambassador Bridge that is used by literally tens of thousands of people every day. It is an international bridge used to transport literally tens of millions of dollars' worth of products in each direction and is extremely important to the economic viability of our province.

Members might recall that the first time—at least in my memory, and my political memory goes back almost some 20 years—the bridge was blockaded, unfortunately, a New Democratic member of the House of Commons was part of the blockade. It is very difficult for me to criticize truckers who are fighting for their livelihood when they see people such as MP Steven Langdon blockading the bridge. I thought it was wrong when he did it. Other members who were at the scene, such as Howard McCurdy and your own government House leader, refused to take part in the blockade and I commend them for that. They could have taken the short-sighted view of some political advantage that might have been gained by blocking the bridge at that particular moment, but anyway it happened.

Since that time, I believe six or seven other blockades of the bridge have taken place, some of them more significant than others. This situation has gotten so severe and its repercussions so dangerous that the city of Windsor council adopted a resolution at its September 23 meeting. I asked our critic, Monte Kwinter, the member for Wilson Heights, to raise the matter in the Legislature with the Minister of Industry, Trade and Technology, and I believe he may have referred the question to you. I want to ask the minister specifically about the September 23 resolution, which was heartily supported by the Windsor and District Chamber of Commerce, because it knows first hand the economic damage that is done every time the bridge is blockaded.

I want to say to the minister that every time business is damaged, people lose their jobs and that is the bottom line. When business is damaged, people lose their jobs. When the bridge is blockaded, people lose their jobs, and future investments are put on hold. The city of Windsor council passed a bylaw which states as follows:

"That the parking bylaw be amended to add section 10(1)(h): 'on any roadway so as to obstruct or interfere with the movement of traffic, unless otherwise permitted in this bylaw' and application be made to the Chief Judge to approve a set fine of \$100 for any offence under section 10(1)(h); and further, the parking bylaw be amended to add the definition '(47) roadway—means any part of the highway that is improved, designed or ordinarily used for

vehicular traffic'; and section 39a of the traffic bylaw be amended to provide a fine of not more than one thousand dollars (\$1,000), and the Minister of Transportation for Ontario be requested to amend section 147 of the Highway Traffic Act to provide for fines of up to \$1,000 per day."

This is the end of the resolution and it is signed by the city clerk. The minister's communications assistant—my notes say Maria Smith—was quoted in the Windsor Star as saying the resolution "deserves a great deal of merit." We have had this resolution now for a month and I want to know how much merit this resolution has been given within the ministry.

1640

**Hon Mr Pouliot:** Within the ministry the point is well taken. I would ask Ms Pat Jacobsen, our deputy minister, to answer the question.

**Ms Jacobsen:** We do not seem to have a record of the actual bylaw, but we would be happy to make sure that we are following up within our own staff.

We have looked at the legislation in terms of the Highway Traffic Act. On a provincial highway, we feel we have sufficient legislation with our current legislation as it exists, but when there are incidents within the municipal boundaries, I think several of the municipalities, particularly Windsor, have found they need a stronger enforcement capability than they feel they have to date. We would be happy to look at that and give you a written answer in terms of the specific bylaw and whether there is any requirement in terms of the Highway Traffic Act.

**Mr Mancini:** I think the city of Windsor and the Essex county area deserve an answer. I want to go on record as supporting the city's request to have the Minister of Transportation amend section 147 to provide for fines of up to \$1,000 a day. I do this knowing full well that the truckers' interests are really not being looked after, but having them blockade the bridge time and again is not the solution to their problems either. While I am at it, I think I will deal with one other local issue which may have some provincial significance.

**The Chair:** Mr Mancini, I owe you an apology because I only recently was advised that this document was ready. Had I known that, I would have circulated it at the beginning and given you a time. But if you wish the ministry to respond to these items, you may wish to do that during your time or ask the ministry separately. I realize you have not had a chance to read it, because it was just put on your table. So I want to apologize. I did not know the ministry had this ready.

**Mr Mancini:** No problem. What I would like to do is hold this, and if I do not get time to actually have a conversation with the minister about the answers, we will continue with correspondence or in the Legislature or by some other means.

Minister, recently—as matter of fact, the exact date is September 28, 1991—the Windsor Star carried an article, the headline was, "E. C. Rowe Paving Job Delayed by Unstable Mix." Of course, there was a picture of the E. C. Rowe work being done. This caught my eye for a couple of reasons. First, it appears that 2,000 tonnes of crumbling asphalt

from the eastern limit of the expressway is below standard and is being torn up and that area has to be repaved completely. The other thing that concerned me was that it was not quite clear who was responsible for this significant error. At first, it appeared that the contractor was responsible. Then it appeared that the ministry was responsible.

I am quite concerned, because I do not think the people of Ontario or the people of Windsor should be paying twice for their road projects. I think it should be clarified during these estimates who, in fact, is responsible for this unstable mix. Is it the contractor who used inappropriate materials? I want to point out to the minister—and this also concerns me—that one of the materials used in this mix is a material referred to as slag, I believe, that this material is a byproduct of some type of incineration, if I am correct, and that this material comes from the Detroit area.

I think we need an explanation as to why we need to bring resource material from Michigan to build Ontario roads. Are we short of resource material in our province? Were there other bidders who had intended to use an Ontario-only resource? Do we need to bring in slag from the Detroit metropolitan and Michigan areas to build the E. C. Rowe Expressway or any other expressway in Ontario? Is this how we are fighting free trade? Is this how we are building jobs for Ontario?

These are all questions that come to mind when one gets into this issue a little bit, but I think for right now I would like to know who is responsible for MTO contract number 90/15, E. C. Rowe-Highway 2, Windsor. Who is responsible for that inappropriate material being laid down and now being torn up and who is going to pay for it?

**Hon Mr Pouliot:** At first I thought you were going to ask who was responsible for free trade, but, no, this is a specific question with a contract number attached to it. So Margaret Kelch, who is our ADM, quality and standards, is the appropriate person to answer your question.

**Ms Kelch:** Thank you for the question, Mr Mancini. This is an issue which has many components, the primary one being our commitment in the provincial highway program in the province to be concerned about using recycled materials. We have a variety of demonstrations across the province trying to do that. Our affiliation with the steel industry is a very large and paramount one there. There are two types of materials that we have been using from the steel industry. The one to which you refer was being supplied by a source in Detroit. The reason for that is because our source in Hamilton went out of business. There is another source, though, for slag that is continuing to come from Hamilton.

This particular contract, E. C. Rowe in Windsor, has been a problem; there is no doubt about that. It is normally the responsibility of the contractor for materials supplied to ensure the calibre and the quality of the material put down. We are very concerned about this particular project and the use of slag, though, because we are, as I indicated, very interested in the use of recycled materials, rather than having to go to the aggregate source exclusively. For that reason, we have a major review under way with the industry. Earlier this week I sent correspondence to all of the



participants in the roadbuilding industry and the steel industry, for us to sit down and sort out what the problems are here. In the interim, we are not going to be using this material in our asphalts in Ontario until we sort out the issue.

**Mr Mancini:** I am not hearing an answer to my question. This news article is almost a month old. I did the proper thing and made a call to your local regional office to make sure that whatever was in the news article was factual and whatever corrections had to be made were made, but no one is telling me today who is responsible for tearing up some 2,000 tonnes of crumbling asphalt, as described in the paper.

Are the taxpayers going to pay for this? I want to know whether or not the contractor involved was responsible. If he is, he should be held accountable. Or was it a ministry error? If that is the case, not only does it impugn the reputation of the contractor, it costs the taxpayers a great deal of money. I wonder why, on a significant project like the E. C. Rowe Expressway, we are using slag that we are not sure is an appropriate material. I want a specific answer to my question.

1650

**Hon Mr Pouliot:** I can assure you that this government, each and every day, looks at value for money. I would like to ask Margaret Kelch to give you an answer that hopefully in your opinion will come closer to focusing on the exact figures.

**Ms Kelch:** The slag to which we refer is on our approved designated source list. That means it is a product that has gone through various testing and has been approved for use by the ministry. This particular product is on that list. The contractor in this case did use that material, and the process by which we use the private sector to build roads in this province means that the contractor is responsible. That is the process by which we have functioned here.

In terms of who is going to pay, that will be his responsibility. He has the opportunity, if he feels the ministry had a role to play here, to go through a claims process. That is always the case in any kind of roadbuilding across the province.

**Mr Mancini:** In order to conclude this, then, it is the ministry's opinion that the raw resources used for this project were in fact appropriate, that the mistake or error in the mixing of these raw resources lies on the contractor's side, and that the taxpayer will not have to pay twice. Is that basically what I am being told, unless some kind of appeal board overturns your opinions?

**Ms Kelch:** The contractor has the legal authority to come back to the ministry and claim for damages. If contractors feel they were not in fact responsible, they have that right.

**Mr Mancini:** My summation of your answer, then, is that this is the contractor's problem.

**Ms Kelch:** Correct.

**Mrs Marland:** Lest I let the minister off too lightly from my previous questions—

**Mr Mancini:** Sure did.

**Mrs Marland:** —I think it is important for me to ask directly, after asking how you prioritize projects of major capital construction around the province, when you might consider it possible, since we have already agreed with your staff about the priority of the projects which I identified, for this new government to consider those projects within a specified time. Do you in fact have a five-year or 10-year capital works program where projects are identified?

**Hon Mr Pouliot:** Yes, and to give you some examples, Mr Vervoort, please, on the five-year capital expenditure programs.

**Mrs Marland:** What does it have to be to get into the five-year capital program?

**Mr Vervoort:** As indicated earlier, there are several criteria. Traffic volumes and operational safety requirements are the two key criteria, and the additional consideration, of course, is the cost of the works relative to the availability of funds. The process is to establish a relative priority and weighting on those parameters on various projects. The specific projects that I believe you are referring to, if I understand you, were the three interchanges on the QEW. At present, none of those three is on our multi-year program, which would be for a five-year period.

I might add by way of supplementary information that the reason there has been postponement beyond the five-year time frame at present is in view of the fact that the ministry has over the past several years been constructing Highway 403. This, as you are aware, parallels the Queen Elizabeth Way throughout much of its length, connecting to Highway 401 and to the QEW at approximately the location of the Ford motor plant. The sense was that the volumes of traffic that would be making use of Highway 403 would reduce the operational deficiencies previously identified and related to those interchanges at the QEW.

**Hon Mr Pouliot:** Does it really go back to the days of Mr Snow? Does it really go back that many years?

**Mr Vervoort:** Quite frankly, I do not know the specifics, but, yes, those interchanges are very old designs, with the QEW of course being among the first multilane freeway facilities in the province. Therefore I would expect those designs are of the very early varieties and do have operational difficulties under current traffic volumes.

**Mrs Marland:** Minister, when Highway 403 was opened for a short time, the traffic volume seemed to be reduced on the Queen Elizabeth. But now you know that 403 has become a parking lot and we are back to the same kinds of volumes on the Queen Elizabeth. I ask the question again: When can we hope to have at least one of those projects, in priority, included in your multi-year commitment?

**Hon Mr Pouliot:** Competing priorities. We hear you loud and clear, no more and no less by virtue of your ability and the opportunity to sit here. As we spoke, I was just looking at Highway 403, Ancaster to Brantford. I could go to highways as major issues and an overview of major projects and have all 130 members in the House who represent their municipalities, constantly, because they hear it daily through mail or through their constituency assistant, have to answer: "Is the bridge too high? Is the bridge too low?" Is there a bridge in the first place? In

some sections of the province, I hear they are mostly concerned about the section between the soft shoulders. In some other parts of the province, they are concerned about the soft shoulders, and the list goes on and on.

**Mrs Marland:** But if it is unsafe?

**Hon Mr Pouliot:** In answering your question, if I may, it is a matter of competing priorities. I cannot make a commitment as the minister. We are building our base, our budget for next year. Many of the dollars that will be allocated by Treasury are already committed. They form a natural part of due process. They are in the five-year period. Others are in the three-year or the two-year period. But I want to remind you that we are spending an all-time high of \$1.1 billion in this fiscal year on highways. Add to it another \$800 million for a total of \$1.9 billion, close to \$2 billion, in capital money. And that is through the Ministry of Transportation.

On top of it the taxpayers have agreed that the Ministry of Northern Development and Mines would spend an additional \$250 million for the northern component. This ministry will of course supply the infrastructural expertise and work in co-operation with them. When all is said and done, more than \$3 billion, the largest capital budget of all ministries in Ontario is—you are right—

**Mrs Marland:** So there is no commitment.

**Hon Mr Pouliot:** —your area of responsibility. Having said this, the demands on the limited funds are enormous. It is a matter of priority. There is no prejudice, no bias here.

**Mrs Marland:** What about safety?

**Hon Mr Pouliot:** The validity of the project, the need to anticipate for exactly that, the need of the constituents, is paramount. We have some criteria. When the criteria are agreed upon, are fitted, our ability to pay will govern. It gets prioritized.

**Mr Turnbull:** I have always been a great admirer of your eloquence, but in the interests of time, I would ask that you keep your answers a little more succinct than the last one.

As you know, there was an eight-day transit strike this year, and extra GO trains were put into service. Could you give me an estimate of the cost to operate these extra trains during the strike, how those costs were paid and how this will affect the budget this year?

1700

**Hon Mr Pouliot:** A very valid question, Mr Turnbull. Regarding the cost to operate during the legal work stoppage, I would like Mr Tom Smith of GO Transit to give us a figure.

**Mr Smith:** The cost per day was something like \$50,000. We increased our volumes during that period by about 40%, so the costs are in fact covered by the additional revenue that took place during that period.

**Mr Turnbull:** So you are saying that this was completely self-financing?

**Mr Smith:** Yes.

**The Chair:** Were they crush-loaded, as well? Were they on the loading practice for crush-load, as well, those

new ones, or did that have an effect on the overall crush-load ratings for the GO Transit?

**Mr Smith:** In terms of safety?

**The Chair:** Yes.

**Mr Smith:** There is no impact. Those trains are rated for a crush load.

**The Chair:** Okay, thank you. Sorry for interrupting.

**Mr Turnbull:** Minister, are you considering privatizing GO? Have you considered privatizing the GO service?

**Hon Mr Pouliot:** No, we are not looking at a garage sale here, sir. I mean, no, we have no plans to—

**Mr Turnbull:** I was not suggesting a garage sale. I was asking you whether you, in your ministry's plans, had considered privatizing. Have you made a study of this?

**Hon Mr Pouliot:** Certainly not at this time.

**Mr Daigeler:** What about the Treasury?

**Mr Turnbull:** Under the previous administration, had there been any discussion or consideration of privatizing GO?

**Mr Smith:** Are you asking me? I am not aware of any discussion. There has been no discussion on that in all the time I have been there, for the last four years.

**Mr Turnbull:** Minister, in view of the present economic problems that the province is in, would you not consider a study of the economic costs and benefits associated with privatizing it?

**Hon Mr Pouliot:** In all honesty, I do not know what the previous administration had in mind. I was treading different circles, as you know, during those years. What I can say is that the present administration is making a list of public assets, if you wish, and we are, yes, appalled and shocked that no such list exists. In fact, to be perfectly blunt and completely candid, we do not even know what we own as a people, as a province.

**Mr Turnbull:** Have you undertaken a study of that, in that case?

**Hon Mr Pouliot:** We are listing what those assets are, and that is all that is being done at this time.

**Mr Turnbull:** Could you discuss the major capital projects which you have listed on page 91 of your estimates?

**Mr Smith:** These are all GO Transit projects. Mr Turnbull, when you say "discuss," what kind of response are you looking for? I could give you an overview.

**Mr Turnbull:** Just a brief comment on all of these projects.

**Mr Smith:** To give you a brief overview, the general thrust of GO is to move towards all-day service on most of its corridors, and many of the projects represented here are a start towards that activity.

If I run down the list I can give you a bit of the status, I guess. In the case of the Richmond Hill all-day service, you see very limited expenditure this year. All of that is in consultants' fees. We are starting an environmental study for the area from Highway 401 north, which would include not only Richmond Hill but also some distance beyond that to the area of Highway 404. We will look at some



modifications to station sites, introduction of additional plant and a new overnight storage facility.

In the case of the Milton all-day service, two years ago we expanded a number of peak period trains, and we now operate five trains all day and into the evening on the Milton service. We progressed, again, with an environmental study. There will be public meetings coming up, probably this winter. We will then be proceeding with an application for approval to put additional plant in to allow us to run our early service in the Milton corridor.

**Burlington to Hamilton:** This is the completion of work that was initiated some time ago. I am sorry, I am getting ahead of myself. Burlington to Hamilton is a proposal that has been before the Ministry of the Environment. In fact, it is there. We anticipate getting approval or some reply from them in the near future. We would then proceed with introducing limited service to the station in Hamilton.

**Oakville to Burlington** will be completed this coming spring and in May 1992 we will provide all-day service—that is, hourly service seven days a week—to the existing station in Burlington. A lot of the work you see in that case is new track and modifications to existing stations.

**Mr Turnbull:** When you say new track, are you talking about track that you will then own as opposed to renting from CN and CP?

**Mr Smith:** No, almost all of our rail plant is on property owned by CN and CP. We own only 15 kilometres, between Whitby and Pickering.

**Mr Turnbull:** Could you briefly comment on any ongoing discussions with CN and CP about the amount of money you pay as your burden on track?

**Mr Smith:** You should understand the manner in which we pay. We pay something like \$12 million a year towards ongoing maintenance and plant that was invested by the railroads some time ago. Our normal practice, when their plant cannot carry the kind of service we are providing, is for the province, through GO Transit, to pay for the improvement and expansion of that plant. In that case, we pay no further fees to them except when major repair is required some time in the future.

**Mr Turnbull:** Minister, turning to the Let's Move program, could you furnish me briefly with some information on the project, cost projections, viability and any consideration of our environmental assessments?

**Hon Mr Pouliot:** I would like to have assistant deputy minister Dave Guscott answer. It is quite an extensive program over a long period of time. We are talking about megabucks. It is a natural part of the future of the greater Toronto area.

**Mr Guscott:** I would be pleased to give an update on where the Let's Move program stands. You will be aware that it was announced 18 months ago, on April 5, 1990. That was essentially the startup period for the Let's Move projects. It was essentially a standing start at that time, so an awful lot of the effort to date has gone into the studies that must be done to obtain the approvals for the various undertakings. All are of sufficient size, magnitude and impact that they require environmental assessment approvals.

**Mr Turnbull:** Have any of these started?

**Mr Guscott:** We have started them for all of the projects. I believe there are nine projects. I will run through them, if you like. Environmental assessments are under way for all of them, the only exception being the Harbourfront East project, which was essentially going to be useful and a priority if we had obtained the Olympics for Toronto. The Harbourfront East study is in fact under way.

1710

We have studies under way now for the extension of the Spadina line and closing that through to the loop which will join up with Yonge Street. We have them under way for the Sheppard subway; for the expansion of the Bloor-Danforth subway westerly and somewhere into Mississauga, the location to be determined; for the extension of the Scarborough RT route—

**Mr Turnbull:** Could you just hold on that, the extension of the Scarborough RT route? As you know, there was quite a lot of consideration given to completely killing that and turning it over to subway. Would you comment on that?

**Mr Guscott:** Killing the RT itself or the extension?

**Mr Turnbull:** Well, that type of equipment.

**Mr Guscott:** The equipment has been among the most reliable the TTC has used. It has been a showcase. It helped Vancouver decide to use the same equipment for its service. It is so pleased that it is now lining up for expansion.

**Mr Turnbull:** Why was the TTC considering killing it a couple of years ago?

**Mr Guscott:** I am not aware that the TTC was considering killing it. From time to time they evaluated what was involved. Because it was a prototype of that equipment, there were some original bugs to be ironed out, but they have been successfully dealt with.

**Mr Turnbull:** Are you saying it is more reliable than the existing underground system?

**Mr Guscott:** I do not have the exact data on the reliability figures. My most recent discussions with the TTC have been that it has been pleased with the reliability of that equipment.

**Mr Turnbull:** Perhaps, Minister, we could have those figures tabled.

**Hon Mr Pouliot:** What is your gut feeling, in candid conversation? The point is well taken. You have certainly more latitude to answer the question. How do you personally feel about it?

**Mr Mancini:** Be careful.

**Hon Mr Pouliot:** I am sorry, we do not quite operate this way. I take offence, Mr Chairman.

**The Chair:** I do, too.

**Hon Mr Pouliot:** Ours is a candid family of transportation. When people ask direct questions, we have direct answers. We will not resort to the old ways of answering questions when they are valid, Mr Chairman. That we will not do.

**The Chair:** I am sure that back at your ministry you have this open-door policy where your employees come

waltzing in and can consult with you on these questions from time to time.

**Hon Mr Pouliot:** It is a turnstile, sir, yes.

**The Chair:** That is right. But in the estimates process, the members of the committee ask the questions. As much as I am sure you would have an interesting presentation, I will ask you to respond to the member who is asking the questions.

**Mr Guscott:** I would be pleased to provide statistics on the reliability of the Scarborough RT.

**Mr Turnbull:** Following on the minister's question, what is your gut feeling?

**Mr Guscott:** I have no qualms about the equipment. The equipment is, in many ways, the way an awful lot of urban mass transit will happen in North America in the future. It is being pursued in other jurisdictions. It is unique to Ontario in that it provided a way of moving a new transit line through an existing built-up area which had relatively low density. The densities of development along the Scarborough RT route are considerably lower than the subway. It is cheaper to build than the subway, so it fits some of the needs related to the appropriate use of that technology.

The environmental assessment for the extension of the Scarborough RT route will require, as all environmental assessments do, an evaluation of that technology, so the TTC will be putting on paper how it feels about the technology that ought to be used for that extension. I have not heard any reservations that they had about it.

**Mr Turnbull:** Minister, can you give me a breakdown of the \$496 million of municipal transfer transit payments?

**Mr Mancini:** Right to the dollar.

**Mr Turnbull:** I am not talking down to cents. I am talking about a general sense of the direction this is going.

**Hon Mr Pouliot:** Can we take note of it? I do not wish to tax Mr Smith from GO Transit, because when asked for a breakdown he will say, "Not enough."

**Mr Turnbull:** Minister, you do not want to tax him. I think the taxpayers of Ontario are taxed enough.

**Hon Mr Pouliot:** We want to make sure that you get the right answer. If you want a penny-for-penny account, we are obliged and we will be proud to give it to you. Do we happen at this time to have a dollar-by-dollar breakdown of the \$496 million that we were happy to provide?

**Mr Guscott:** I do not have a detailed breakdown in front of me, Minister. I can deal with it generally. If I could have a couple of minutes, I could find some more of the numbers associated with it. Perhaps, Mr Turnbull, you could tell me if this is sufficient for your question, notwithstanding the fact that we can get you the absolute detail.

We provide our funds in the municipal transit area under two categories: those that relate to the capital improvements—in other words, the purchase of new buses, new subway work and the studies that are associated with those initiatives—and those under operating. The operating provisions deal with the costs associated with drivers and mechanics and the overhead provided to facilitate the provision of the service.

We provide those two grants under different formulas. The province provides 75% of the capital needs for new equipment and new roadbeds. Under the operating, we generally provide 16%. We look for the fare box to recover roughly 68%. In the TTC's case, it is 68%. It varies in some other municipalities, but it is within that same range. We share with the municipality the costs of—

**Mr Turnbull:** Excuse me. I am fully aware of those numbers. I want a sense as to where it is being spent. Can you talk to me about the municipalities where it is being spent and how much, in a general sense, is being spent?

**The Chair:** Mr Turnbull, perhaps we can take that question as notice, since our time on this question is completed. You can assist in preparing that.

**Mr Turnbull:** Sure, yes.

**The Chair:** We will be returning tomorrow to continue these.

**Mr Klopp:** I have a comment and then a question. In the riding of Huron, we always feel that the Ministry of Transportation forgets about rural Ontario. With regard to Highway 4, between Brussels and Wingham in particular, we have had every politician in my area asking and begging ministers to get that road fixed. I would like to thank you for getting that started and on the move, because it is very important for us to have that happen.

**The Chair:** So your begging was successful.

**Mr Klopp:** Yes.

**Hon Mr Pouliot:** The project spoke for itself. In fact, I was unaware, because of the many projects that are paid for by the taxpayers of Ontario, but the point is nevertheless well taken.

**Mr Klopp:** Especially because our rail system is getting depleted so fast, I hope that the GO system can only go farther and head to that beautiful town of Goderich where you attended one day a few months ago, sir.

My question is about an issue which also affects rural Ontario a lot, and that is the recycling of tires. I understand the ministry is in the process of studying that system. It is an issue that comes up time and time again at farm meetings, etc. I would like to know just where it is at this present time, because it is an issue that is dear to my heart.

**Hon Mr Pouliot:** Who has not been immersed in the calamity of the situation at Hagersville? In fact, it was not too long ago. I think it taught each and every one of us a lesson. It certainly increased the concern and awareness of this administration. Your proposal is a very interesting one. Whether it is technically feasible or not remains to be seen. I would like us to listen to Margaret Kelch, assistant deputy minister for quality and standards.

**Ms Kelch:** The projects we have under way with respect to the use of old tires are very interesting to us. We are working closely with the Ministry of the Environment on a variety of fronts in terms of how we can use those tires somewhere within the transportation system. Currently we have a trial project on Highway 21 through Thamesville, in that area, that has used shredded rubber in the asphalt. In fact, we have used two different grades of rubber. By that I mean shredding to two different levels of



granular. Just last week we were going through the next phase of the project to determine whether that asphalt is recyclable. That is a very important aspect for us. Because we recycle so much of our pavement in the province now, as it deteriorates and needs to be placed, if we are going to use asphalt in pavement it is exceedingly important that we can recycle it. That is the next part of the test.

We have been watching very closely how this asphalt behaves after it has been put down and the traffic has started to use it. It will be a couple of years of going through the various testing procedures, taking cores, finding out how the material reacts to various temperature ranges and various seasons and moisture conditions, all those things, as well as the traffic. But as I say, we are working with great interest with the Ministry of the Environment in terms of seeing whether this is a viable use for recycled rubber in the province.

1720

**Hon Mr Pouliot:** We have just heard from the former director of maintenance.

**Mr Klopp:** Do you still think it is going to be two years away from getting all the i's dotted and the t's crossed?

**Ms Kelch:** Yes. The reason for that is that we need to ensure ourselves, as with the earlier question that was asked about the use of slag in asphalt, that it is a durable material. We expect our asphalts in this province to last in excess of 15 years. In order for that to happen and to be assured that rubber does not deteriorate even more quickly or in ways we are not prepared for, we need to ensure that we have a good-quality product.

**Hon Mr Pouliot:** We also wish to make sure it can resist foreign substances such as sand and salt from the Sifto salt mine, for instance, the area the member represents.

**Mr G. Wilson:** Minister, welcome to the estimates hearing. Regrettably I was not able to be here on Thursday to welcome you back to this committee. I think those of us who were present when you were Minister of Mines appreciated the new depth to which you took our understanding of that issue. Certainly we all look forward to enlightenment on the transportation issue.

**The Chair:** Are you bucking for a PR job here?

**Mr G. Wilson:** Regardless of what our association is, we all feel very close to the ministry of Mr Pouliot.

The response to the last question raised the question of the Ministry of the Environment, the area my question concerns. Although I was not here on Thursday, I still have the benefit of your scintillating remarks on paper. Certainly you raised in your remarks the question of the environment in its relation to the Ministry of Transportation. You referred to the greening of transportation in Ontario. I know there is a lot of interest in my own riding and all across Ontario in the problems associated with the environment and transportation. I was wondering whether we could turn to that now.

You list some of them yourself, noise pollution, for instance, which I think interests everyone regardless of where they live. Transportation can create problems of

noise pollution. I was just wondering what some of the areas are that are being looked at in that field.

**Hon Mr Pouliot:** Thank you. The point is well taken. As you are aware, the subject matter of the environment is first and foremost. What we do in transportation is to build it into each and every element of our endeavours, not only in our budget. Whether we are talking about the contribution the taxpayers of the province make to the users of the Toronto Transit Commission and GO Transit, there is not one element of the transportation budget where the environment does not form an important component. Sometimes it is a catalyst in terms of whether a project will go through. Any project, in some cases of some magnitude, is subject to an environmental assessment.

It becomes our credo, if you wish. It is the way to do business nowadays and never meant to buy time, as some cynics would have it. Gary, I know you and I can appreciate the value of putting forward the environment. We are more favourable than ever before. This administration has made it part and parcel of doing business. I think we are all better served, and I am very happy. Your comment deserves more than a verbal pat on the back.

To better illustrate the philosophy of environmental matters in 1991, here is Pat Jacobsen. She is the deputy minister for all operations at Transportation. She will give some examples that will show we mean what we say.

**Ms Jacobsen:** Because so much of it cuts across so many different parts of the ministry I will give an overview in terms of some of the thrust, and then if there are certain areas the members wish us to focus on in greater detail, we would be happy to do so. The primary one we have been looking at is the area of air pollution, because the transportation sector is a significant contributor in terms of the quality of the air. We think that is a major thrust for the ministry and certainly for the government.

In that area we have been enhancing our support of transit, both in financial terms and in terms of education and customer service, looking for ways we can not only enhance the availability of transit but also make its interfacing with car traffic much easier, looking at ride-sharing programs, gateways, etc.

Second, we have been looking at alternative fuels in this area and have several demonstration projects around: natural gas buses in municipal fleets, for example; we could go into greater depth on that. We have certain educational programs around ride-sharing and the encouragement of high-occupancy lanes. In fact, we have at the minister's request a new policy that on all new major highways transit rights of way will be part of the planning right from the start.

In terms of noise pollution we also have certain programs around barriers and barrier controls, and in the commercial sector are working with the automobile on ways to improve the transportation sector's contribution to noise pollution.

Last, I touch briefly on our construction and some of the major initiatives we have had around construction projects to make sure our handling of them is sensitive to everything in the natural environment, from fish habitats to making sure we build highways only where they are needed, and done in such a way that the highway construction actually

takes back its own waste. The road building industry has worked very closely with us on that.

If there are particular areas you would like us to go into in greater depth we would be happy to, but this gives you a broad brush of the kinds of areas the ministry has been focusing on, primarily in air pollution.

**Mr G. Wilson:** There are several. First is noise pollution. How effective are the barriers? Do you do studies before and after they are raised? Is there work on developing more effective barriers or in trying to lessen the noise from vehicle engines and even from the tires, I guess, which make a lot of noise as well?

**Ms Jacobsen:** In terms of the noise barriers, when highways were being built in communities less heavily residential than they are now, it was much less of an issue. Certainly in the last 10 years, as we start to have highway construction in areas that have a much higher residential community base around them, it is an issue the ministry has spent some considerable time and studies on. I would ask Margaret Kelch, the assistant deputy of quality and standards, to go specifically into the kind of research we have been doing, which as I say is relatively new since the communities are now built up.

1730

**Ms Kelch:** Perhaps I could offer you some further insight on two aspects of noise pollution. One, there is a reference to the barrier program. It goes back as far as 1977 when we and the ministers of Housing jointly sorted out how we could put in place barriers that would create a significant advantage or improvement for those residential areas that were behind our highway system.

To answer your question specifically of how effective they are, we have quite an elaborate policy in terms of the technical aspects that have to be met before a barrier is put in place, but the one major requirement is that the reduction in noise has to be at least at the 5 dBA level. Those noise levels have to be at least 55 before we will even consider it. Those are the basic criteria we have put in place.

We have been experimenting with a variety of different types of materials, as I am sure you have seen while driving around the province. Some are more sound-absorptive than others. We have found that we now have quite a variety of different types of materials we can use to provide that kind of attenuation. I cannot put my finger on it just at the moment but I can provide that later. I was talking earlier to Mr Klopp's question in terms of rubber. That is another area where we are experimenting with recycled rubber to use it in noise barriers. So far the research looks fairly positive.

**Mr Klopp:** What about the vehicles themselves? Is there much research to try to make them quieter?

**Ms Kelch:** That part I cannot comment on, but Milt Harmelink could perhaps offer some more insight.

**Mr Harmelink:** The work that is done in vehicle research and design is done largely by the automotive industry. A number of things are being done, but I think my comments are really going to illustrate that this, like so many other things, is an area of compromises and difficult choices. With respect to automobiles, we find that up to about 60 or

70 kilometres an hour the engine noise tends to dominate. Above that speed the tire noise starts to dominate.

When you get into the question of tire design, there are certain things you can do to make the tires quieter, and you have to look at the interaction between the tire and the road surface when you do that. In fact, the ministry has been quite successful in coming up with certain types of pavement design that result in quite a reduction in the tire noise. But when we start to look at the tire itself, the kind of compromise you are dealing with there is one of safety and your ability. Long life in the tires and a suitable tread that gives you maximum safety is probably not the one that is going to give you minimum noise.

Similarly, when we get to the question of the engine design, there too we find we are faced with a number of compromises. One is in terms of energy consumption, because as you put in more weight to reduce the amount of noise that gets out, you have to use more energy to transport it around.

So you enclose the engine to try to make it quieter you tend to increase the operating temperature, which in turn may increase the level of some of the pollutants we are most concerned about, such as nitrogen oxides, which contribute to urban smog and acid rain.

Many things are being done and researched, but there is a lot of experimentation that has to be done because the answers are not that clear-cut.

**Mr Daigeler:** Before I begin my own questioning I would like to indicate that my colleague Mr Mancini is not satisfied with the number of answers that has been provided so far in written form by the minister. Perhaps he is going to add to this list. Mr Mancini certainly asked more questions and he is expecting some further answers. If his presentation can be reviewed, I would expect that more answers will be forthcoming. I am sure Mr Mancini will be addressing that himself again tomorrow.

My own questions focus mostly on eastern Ontario. I notice that the representative of the third party focused mostly on Toronto, but there are other areas of the province that also have transportation needs and certainly one of them is eastern Ontario. Let me ask you, Minister, first of all, have you visited the Ottawa area and have you visited other parts of eastern Ontario as the new Minister of Transportation? I do not think you need help from your officials on that, do you?

**Hon Mr Pouliot:** Not only have I availed myself of the opportunity on board the small aircraft emanating from the remote community of Fort Severn, which is the northernmost community in the province, a native community, to Point Pelee using the ferry boat from a remote community airport, to an essential service being provided by way of intermodal transportation, to driving from Toronto to Prescott-Russell—

**Mr Daigeler:** Did you understand—

**Hon Mr Pouliot:** No, I do not need anyone. I have been visiting the province of Ontario—

**Mr Daigeler:** My question, Minister, is pretty specific: Have you officially visited any of the transportation—



**Hon Mr Pouliot:** —centres across the province? Of course I have.

**Mr Daigeler:** No, if you would listen for a moment, I asked you specifically, have you visited any of the ministry offices or the major construction projects that are presently under way either in Ottawa or in other parts of eastern Ontario to familiarize yourself with the concerns of eastern Ontario?

**Hon Mr Pouliot:** I have done so, but with our other ministry, francophone affairs. Since I have been Minister of Transportation I have not visited the regional offices in eastern Ontario.

**Mr Daigeler:** Thank you very much, Minister. That is a straightforward answer. I would just encourage you to do that at your earliest opportunity.

**Hon Mr Pouliot:** I will do that at the first opportunity.

**Mr Daigeler:** Seeing that you have not had an opportunity yet I will welcome you, because a major part of your ministry's budget is in fact spent in my own riding and it will be a pleasure for me to accompany you and give you a tour of the construction that is presently under way of Highway 416.

As I indicated, I think it was last week, I would like an update on the Highway 416 project. Perhaps your officials can tell me whether they are experiencing any particular difficulties, whether construction is on schedule or perhaps even ahead of schedule and how things are going with this major initiative for Ottawa, for eastern Ontario, in fact for the whole province.

**Hon Mr Pouliot:** Carl, could we get an accurate update on what is being done?

**Mr Vervoort:** We have this in two parts. The first is Highway 416 from Century Road to Highway 401, being the southerly portion; the second part being the portion between Century Road and the Queensway, Highway 417 in Ottawa. I will deal with the northern section first.

Pre-engineering work, including property acquisition, is under way on that stretch of Highway 416. Construction of the Highway 416 and 417 interchange began earlier this year. The remainder of the construction for that interchange and the immediate approaches will be carried out in nine contracts presently scheduled to meet the government's commitment for completion of that section of Highway 416 by the 1996 or early 1997 time frame.

1740

**Mr Daigeler:** That was to Century Road?

**Mr Vervoort:** That is from Highway 417 to Century Road. The cost of the facility over those limits, including the design on the property, is estimated at some \$200 million. The ministry has encountered some difficulties with respect to foundation conditions at two locations. For those who are not familiar with the geology in the area, there is a particular type of clay, leda clay, that is very sensitive to loading. In light of the special requirements, completion of certain sections will experience some minor delay, as indicated, to 1996 or early 1997. The earlier expectation had been to complete the facility over that length by 1995.

**Mr Daigeler:** There have been some reports over the summer in the local newspapers that construction was ahead of schedule because of the dry summer that we had, therefore that the project could even be completed in a shorter time frame than our government was trying to implement it in. What you just said seems to contradict that.

**Mr Vervoort:** That is correct. In fact, as late as last week I had a conversation with the regional director from that area and he indicated to me that until very recently that was the expectation. The contractor was optimistic that he could in fact complete the work in a shorter time frame: two seasons instead of three. That may still be achievable. However, there has been a difficulty encountered with respect to a particular structure, and I regret that I am not able to be specific about the location of that structure at present. Difficulties have been encountered which may cause that contract to take three seasons, in fact as originally expected.

**Mr Daigeler:** You may or may not be familiar with some considerable debate—let's put it this way—around the construction of a regional road, and that is the Hunt Club Road extension which is to join up with Highway 416 at Knoxdale. Some community groups are trying to relocate this particular regional road. Are you aware of this concern that has been expressed by certain community groups and are these concerns in any way influencing the construction of Highway 416 and, in particular, the construction of the interchange at Knoxdale?

**Mr Vervoort:** I am not familiar with that specific issue, but my colleague David Guscott indicates he has some information with respect to that.

**Mr Guscott:** The information I have does not relate to the interchange though. I came here expecting to be dealing with Hunt Club Road more generally. We are aware that the road is being funded under the municipal roads program. It was part of a transportation forum we held with Ottawa-Carleton. We are aware that they have in fact held up work on it because of the environmental assessment implications.

**Mr Daigeler:** On the environmental assessment, the minister has given her go-ahead. But according to your information, you are not concerned about these interventions in terms of building the interchange at Knoxdale?

**Mr Vervoort:** I cannot comment with respect to the concern simply because I am not familiar with the facts of the circumstances at that location. I will undertake to investigate and report back on that.

**Mr Daigeler:** I would appreciate that.

**Mr Vervoort:** By tomorrow I will do so.

**Mr Daigeler:** Okay, back to the minister. As was indicated by your staff, this project is divided into two phases: one, the northerly phase from the Queensway to Century Road and the second phase from Century Road to Highway 401. Is the minister still committed to that second phase, and when can we expect the completion of that second phase?

**Hon Mr Pouliot:** Carl, what is the planning on phase two?

**Mr Vervoort:** The design for that four-lane facility is subject to the environmental approval process and that includes full public review. The planning study and Ontario Municipal Board hearings were completed in 1970. As a result of the recent planning study update, the ministry has agreed to provide additional service roads at various locations. Contracts are being prepared to accommodate those adjustments. The cost to twin the existing two-lane section, Century Road to Highway 401, is estimated at about \$150 million. That is for a 60-kilometre section.

In terms of timing, the pre-engineering contract, engineering and approval process is currently under way. Following the pre-engineering, the construction—and these are estimates at this time—could commence as early as 1992. My caution is only with respect to matters having to be resolved with respect to financing and priorities. I refer you to the earlier statement by the minister in response to Mrs Marland's comments about those priorities. But construction could commence as early as 1992 and be completed in what we feel would be approximately eight freeway contracts. That would take us approximately to 1997. You may be aware that the current commitment of record is for this section to be completed by 1999. With respect to the 1999 date, we feel that is reasonably achievable. Again, I refer to the minister's comments with respect to priorities and the availability of funding.

**Mr Daigeler:** Can I take it from that answer then, Minister, that you and your government are still committed to the completion of both phases of Highway 416?

**Hon Mr Pouliot:** We are indeed. But I was watching your reaction and you too were somewhat shocked. You are looking at a relatively short section and the cost is phenomenal.

**Mr Daigeler:** I agree with you, Minister.

**Hon Mr Pouliot:** I could read it in you, sir. You must ask yourself, "Why is all that money being spent in my neck of the woods?" It has nothing to do with it. It is just that the need has been demonstrated. We are committed to go for phase one and phase two as well.

**Mr Daigeler:** That is precisely, Minister, why I wanted to have you restate your commitment towards the construction of Highway 416 and I am very pleased that you did so. We can move on then from Highway 416, because time of course moves on as well, to Highway 17 towards Pembroke. Again, it is not in your area, Minister, but it is a well-travelled area and unfortunately there have been many fatalities.

First of all, and perhaps you can provide that in writing to me, what have been the fatalities over the last 10 years, if you can give that to us? I do not know whether your ministry does any comparable statistics and I do not know whether that is possible or not; whether you can count, as it were, the deaths in comparison with other similar types of roads. If that is available, if you do something like that I would be interested to know, because it is really astonishing how often we read in the newspapers that there have been terrible accidents on that particular stretch. It is from Ottawa to about Pembroke. I know we initiated certain improvements. How are these improvements doing?

I leave that question with you. I had many others, but I guess I will come back to those tomorrow.

**The Chair:** A one minute-or-less answer would be appreciated.

**Mr Vervoort:** I do have detailed information in terms of the improvements. We will provide those in writing in response to your question. I do not have current statistics before me with respect to accident data related to that length of highway. I will also provide that information by tomorrow.

**Mr Daigeler:** Okay, thank you.

1750

**Mr Turnbull:** Minister, once again I will just mention to you that I am a great admirer of your eloquence, but in the interests of the fact that we have only 10 minutes, I would ask you to keep your answers very short. Turning to the question which I tabled last week and you responded to, on road salt, I do not find any details as to what proportions you are using of salt as compared with alternative methods for de-icing roads.

**Hon Mr Pouliot:** This is a technical point. We conducted some studies on this not only in terms of effectiveness but also what is the cost of one vis-à-vis the other. Margaret Kelch will give you a detailed answer.

**Mr Turnbull:** Before she gives me a detailed answer, I am most concerned about the environment. There are two things we can hopefully leave our children, one is a clean environment and the other is a clean set of books. I am very pessimistic about leaving our children a clean set of books after this last budget, but let's concentrate on the environment to see what sort of proportions and what efforts are being made by the ministry to ensure that we reduce our dependence on salt, and the time frame.

**Hon Mr Pouliot:** I am not going to dwell on the last federal budget curtailing transfer payment to the provinces. But in the second instance, Ms Kelch, regarding salt and vis-à-vis alternatives, do we have—

**Ms Kelch:** Yes. As the material or the answer to your question shows, we have looked at seven alternatives. To specifically answer your question in terms of the proportion of other materials we are using, we are still predominantly using rock salt. The reason is that in the seven alternatives we have evaluated, we have yet to find a comparable, effective product. The minister has mentioned the real challenge we have with what appears to be the most optimistic or possible alternative, which is calcium magnesium acetate. The cost is currently at \$1,100 a ton, and we are doing some very specific work with the potential suppliers in Ontario to see whether there is a way that we can bring that cost down.

What is of concern to us is that in the field trials, which have taken place in the Niagara Peninsula as well as in the Owen Sound district, so that we can have two very different type of climatic conditions for winter, we have found that the quantity of material used in the Niagara Peninsula is almost one and a half that of salt, and the effectiveness in the colder area around Owen Sound is not as good as salt. Our research activities continue. We are spending



\$250,000 a year to try to do exactly what you have described, and that is to find an environmentally acceptable alternative.

**Mr Turnbull:** But CMA at this moment looks the most promising, does it?

**Ms Kelch:** That is correct.

**Mr Turnbull:** Is that from the point of view of effectiveness or of cost?

**Ms Kelch:** Effectiveness.

**Mr Turnbull:** Minister, turning now to the answer you gave with respect to UTDC, the last question I asked, which you have answered in the responses, has Bombardier Inc made an offer for the purchase of UTDC?

**Hon Mr Pouliot:** Yes, Bombardier has made an offer.

**Mr Turnbull:** Can you tell me what the status of that is?

**Hon Mr Pouliot:** Bombardier conducted due diligence, looked at the books and made a bona fide offer, not at the same time—I do not wish to give you the wrong information—but pretty well at the same time that Westinghouse, the other suitor, made an offer. Our understanding is that both offers were somewhat similar; parallel to one other. We informed them that in our opinion it was not good enough, they could do better, and that we would welcome additional offers.

**Mr Turnbull:** Are there any live offers on the table at this moment?

**Hon Mr Pouliot:** We were hoping to have a final offer to submit to cabinet by the end of October, but we never did specify a date. My feeling is that we are at the final phase. If we are not talking in terms of days, we are talking in terms of short weeks, but I cannot and therefore will not give you an exact date. It would be saying we are perhaps at the 11th hour, and we do not wish to say this because it is not our position.

**Mr Turnbull:** There is no mention in here other than a passing reference to the fact that you are providing interim financing to UTDC. I find it very unusual that a 15% partner would be providing ongoing operating capital. I am sorry that in your answers you have not adequately responded to my question from last week.

**Hon Mr Pouliot:** Yes, it is unusual, except in the case where the partner, in this case Lavalin Inc, becomes technically insolvent and cannot pay wages, cannot pay current liability, cannot cover the daily affairs of the company. Then the 15% stakeholder, in this case the government of Ontario, exercised an option to buy within 90 days the remaining 85%. It simply means that you are assuming responsibilities. It also indicates that if anyone wishes to buy UTDC they have to deal with you.

**Mr Turnbull:** Are you a suitably secured creditor for the amount of money you have put in? The extra amount of money that you have supplied in the meantime, are you suitably secured as a creditor in that respect?

**Hon Mr Pouliot:** Yes, we are secured. The contracts are ongoing. What you are doing in that sense is advancing the money against those contracts. I must remind you that

we are talking about a sum which is substantially less than \$10 million.

**Mr Turnbull:** Is there any connection between ongoing negotiations for the purchase of the interest in UTDC by Bombardier Inc with potential partnerships in de Havilland?

**Hon Mr Pouliot:** To my knowledge the two are absolutely not connected. We are talking here solely about UTDC. I have no knowledge whatsoever of intentions between our ministry and de Havilland.

**Mr Turnbull:** Moving to another subject, there has been ongoing discussion for a long time about a potential subway link between the airport and Metropolitan Toronto. Has anything been done on that?

**Mr Guscott:** Yes. As a matter of fact there is work under way examining exactly that question. We have undertaken a study with Transport Canada of ground access to the northwestern Toronto area, the Pearson International Airport area and the area beyond it to see what can be done both in terms of traffic that has to move beyond the airport—the airport, as you can imagine, is quite a block to surface transport that wants to get to the Brampton area from Metropolitan Toronto—and to find ways of improving the access to the airport.

In that study, which is now being discussed with the public and with the municipal councils, are a number of options which include: a new GO train station that may be moved to be closer to the airport; the possibility of a link from the Renforth Drive area, where Mississauga's busway system will operate to the airport, and several other options that relate to Eglinton Avenue.

**Mr Turnbull:** I have not read the response you have given, but with respect to graduated licences and also the question of interlock devices on cars for people who have been convicted of drunk driving, can you just comment briefly as to the ministry stance on those?

**Hon Mr Pouliot:** In terms of graduated licences, you will be aware that the Insurance Bureau of Canada among others has been advocating more stringent, more demanding criteria, not only to obtain a licence at the novice level but to keep it in good standing. In fact, we were talking about graduated licences yesterday at a briefing, and it did generate some very frank and forward discussion as to the definition of different criteria and the timing, when we should introduce it. It is very timely. Alex Kelly has spent many years on this project and he has been our guiding light on this subject. We are not only looking at it, we are looking at it very seriously.

**Mr Turnbull:** What about interlock devices for automobiles?

**Hon Mr Pouliot:** You have me there. I do not know enough to volunteer an answer.

**Mr Turnbull:** Perhaps your deputy could comment on that.

**Ms Jacobsen:** We are looking at all aspects of driving behaviour and certainly of drinking and driving as a major targeted area. Alex, maybe you would go on in terms of specifically the interlocking device proposal.

**The Chair:** Mr Kelly, our time has virtually expired. I wonder to what extent you can provide written material to Mr Turnbull and the committee for tomorrow.

**Mr Kelly:** I will be very brief, Mr Chairman.

We are aware of the interlocking devices. We have not in our ministry studied them to any degree. We are looking at what other people are doing and we are trying to identify if that is a proper solution for drinking and driving.

**Mr Turnbull:** Good. Have you looked at the Alberta test?

**Mr Kelly:** Yes, we have.

**Mr Turnbull:** Good. Thank you.

**The Chair:** We have two hours and 40-some minutes remaining to complete the estimates, so hopefully we will be able to complete by tomorrow. For a personal reason, I am trying to secure a Vice-Chair for tomorrow's meeting. If not, I will be here. If I cannot get Mrs Marland, is there any objection to Mr Carr, the member for Oakville South, acting in the capacity of Chair tomorrow? Thank you. This committee stands adjourned until 3:30 tomorrow.

The committee adjourned at 1802.



## CONTENTS

Tuesday 22 October 1991

Ministry of Transportation . . . . . E-533

### STANDING COMMITTEE ON ESTIMATES

**Chair:** Jackson, Cameron (Burlington South PC)  
**Vice-Chair:** Marland, Margaret (Mississauga South PC)  
Carr, Gary (Oakville South PC)  
Daigeler, Hans (Nepean L)  
Farnan, Mike (Cambridge NDP)  
Johnson, Paul R. (Prince Edward-Lennox-South Hastings NDP)  
Lessard, Wayne (Windsor-Walkerville NDP)  
McGuinty, Dalton (Ottawa South L)  
McLeod, Lyn (Fort William L)  
O'Connor, Larry (Durham-York NDP)  
Perruzza, Anthony (Downsview NDP)  
Wilson, Gary (Kingston and The Islands NDP)

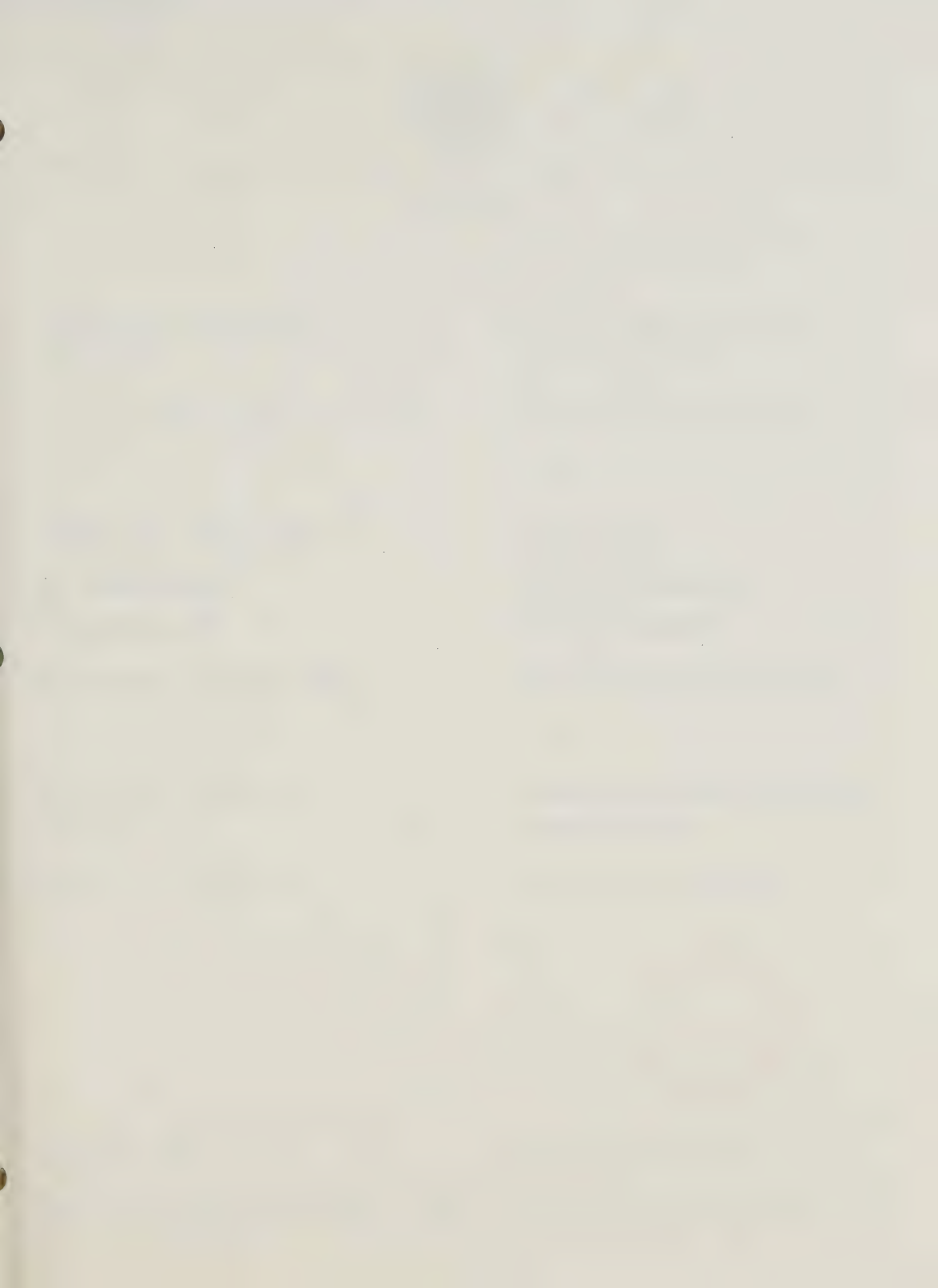
**Substitutions:**

Hayes, Pat (Essex-Kent NDP) for Mr Farnan  
Klopp, Paul (Huron NDP) for Mr Perruzza  
Mancini, Remo (Essex South L) for Mrs McLeod  
Turnbull, David (York Mills PC) for Mr Carr

**Clerk:** Carrozza, Franco











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Ministry of Transportation

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## Journal des débats (Hansard)

Le mercredi 23 octobre 1991

### Comité permanent des budgets des dépenses

Ministère des Transports



Chair: Cameron Jackson  
Clerk: Franco Carrozza

Président : Cameron Jackson  
Greffier : Franco Carrozza

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## Table of Contents

Table of Contents for proceedings reported in this issue appears at the back, together with a list of committee members and other members taking part.

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at (416) 325-7400.

## Table des matières

La table des matières des séances rapportées dans ce numéro se trouve à l'arrière de ce fascicule, ainsi qu'une liste des membres du comité et des autres députés ayant participé.

Il existe un index cumulatif des numéros précédents. Les renseignements qu'il contient sont à votre disposition par téléphone auprès des employés de l'index du Journal des débats au (416) 325-7400.

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON ESTIMATES

Wednesday 23 October 1991

The committee met at 1539 in committee room 2.

### MINISTRY OF TRANSPORTATION

**The Chair:** I would like to welcome again the Minister of Transportation. We have two hours and 38 minutes remaining to complete estimates for the Ministry of Transportation. When we left yesterday Mr Turnbull had the floor, and I would like to return it to him at this time.

**Mr Turnbull:** Minister, when we have second reading of Bill 129, will you have available the regulations covering the bill, because we have some concerns about the interpretation of this legislation, and it would certainly speed the process if the minister were to make the regulations available.

**Hon Mr Pouliot:** Yes, Mr Turnbull, as you are aware, the regulations give teeth or give life to a bill, and within a reasonable time they have to be made public. There is an evolution: a beginning, a middle and an end to the legislation, and then the regulations have to follow suit, because there is a built-in momentum and your question is most valid. I will do it as soon as we can.

**Mr Turnbull:** No, my question was not as soon as you can. I said, "Will you have available the regulations at the time of second reading?"

**Hon Mr Pouliot:** Yes.

**Mr Turnbull:** Because I do have a concern that successively this government has come forward with bills and the regulations have not been available at the time we have been debating second reading. Housing is a perfect example of this. A tremendous amount of time has been wasted because we do not know what the legislation is going to cover until we see the regs.

**Hon Mr Pouliot:** Yes, we will. Mr Guscott, would you like to add to that?

**Mr Guscott:** Yes, Minister. Perhaps I could add that we are working at full speed on the regulations now in order to have them ready for second reading. We certainly have that instruction to proceed in that way, and I expect that they will be ready in time.

**Mr Turnbull:** Okay. Minister, with respect to the ministry's stance on the regulation of truckloads, there has recently been some question as to who is responsible for ensuring that loads are secured properly. Can you comment on that?

**Hon Mr Pouliot:** Yes, I would like to. When we talk about payload overall and the distribution of that load with axle, no one, I say this with certainty, is better enlightened and informed than Alex Kelly.

**Mr Kelly:** The security of loads, was that the question? Who is responsible? Right now in the legislation, it is a shared responsibility between the carrier and the shipper for securing the loads. We have national standards and

processes they are supposed to check for securing a load. We check the vehicles on the highway system to ensure that they comply with the regulations and the processes.

**Mr Turnbull:** As I am sure you are aware, some municipalities have been frustrated by accidents. They have attempted to pass some municipal bylaws, but the Highway Traffic Act does not allow this type of amendment. I quote a ministry official as saying, "The ministry feels the legislation is adequate to ensure steel coils will be held securely if the legislation is followed." I guess my question is, what is the ministry doing to ensure that the legislation is enforced so that no more lives are lost?

**Mr Kelly:** We had some problems with steel coils in the Sault Ste Marie area and we have been increasing our enforcement. We have been meeting with both the carriers and the shippers, and we are going through an educational process to make sure that people understand what the process is and what the requirements are in the legislation.

**Mr Turnbull:** Thank you. Minister, my understanding is that the Ministry of Transportation conducts very thorough environmental assessments when undertaking planning for construction. This process takes many years to complete, and I would particularly direct your attention to the question of the extension of the subway system in Metropolitan Toronto. As you know, the studies are on the desk of the Ministry of the Environment, and with respect to a subway system, it is almost impossible to think that people are going to be negatively impacted by a subway. Indeed, I would suggest that they are going to be positively impacted, when you look at the environment. I wonder if you could comment on this process as to whether you will persuade the Ministry of the Environment to avoid further public discussion of the environmental assessment with respect to the subway extension.

**Hon Mr Pouliot:** The EA can be immensely more complex. In a broadly summarized form, David, would you please take us through the step-by-step process of an environmental assessment, in this case focused on the addition to a subway line?

**Mr Guscott:** Yes, Minister. The Environmental Assessment Act in fact began because of a transportation initiative with the Spadina Expressway in 1971. That is what prompted it to be brought into force. While a highway may be of more obvious environmental concern, those who live along the route of a proposed subway also consider they need safeguards developed through a process which allows for full documentation of the effects of an undertaking and the measures needed to minimize those effects. This is why transit projects, while for the public good, are subject to environmental assessment.

The government has made it clear it would prefer to see a streamlining of the environmental assessment process to make sure there are no unreasonable delays. But I think we can all agree there is reason to make sure things are evaluated thoroughly. The amount of time taken to do that is the issue and I know the Ministry of the Environment is addressing it.

On the subway routes under discussion, the minister and deputy minister have asked that we check with the Ministry of the Environment and this morning I was speaking to the MOE deputy minister. He is aware of the fact that they need to be dealt with quickly and promptly and that it is holding up those particular measures.

**Mr Turnbull:** I guess it is the question of redundancy, with the Ministry of Transportation conducting a study and then the Ministry of the Environment conducting one. I am all in favour of making sure that everything is environmentally correct, but the idea of doing two separate studies seems to waste a lot of time and a lot of money.

**Mr Guscott:** Maybe I can address that. There are not, in fact, two studies under way. The Ministry of the Environment has conducted no studies on the details of the subway extensions. The Ministry of Transportation does the overall studies which show if there is a provincial interest in the undertakings. But that is a very general system-type study and nothing more than the front end of an environmental assessment. There is only one study being done of the subway extensions themselves and that is being done by the TTC.

**Mr Turnbull:** Minister, during the last election, your party committed itself to four-laning the Trans-Canada Highway and promised \$100 million per year. I do not believe any money has been committed so far. You, Minister, above all, should understand the importance of the economic development of the north. What sort of priority does this have with you?

**Hon Mr Pouliot:** It has a very high priority. As you are aware, Mr Turnbull, the present federal government does not contribute to the four-laning or twinning the Trans-Canada Highway. It does not contribute a dime, a nickel or a penny to the province of Ontario. There is no reciprocal arrangement. So Ontario is forced to go it alone. In 1990 dollars, we are talking about a sum exceeding \$400 million or thereabouts and a project that will take 12 years to complete. In 1993, we will see first-phase construction between Thunder Bay and the township of Nipigon, a distance of approximately 65 kilometres. The first shovel will be in the ground in 1993, from Balsam Street in Thunder Bay to the junction of Highway 17 and 527. That is the road, as you know sir, that leads to the community of Armstrong, which is also in the riding of Lake Nipigon.

So, 12 years and the sum of \$400 million for the entire project. The commitment is there. Some engineering studies have been done. We will be following the construction timetable to the letter if we can.

1550

**Mr Turnbull:** Minister, you committed \$100 million a year in the election. I do not think you have quite answered my question.

**The Chair:** Okay, he has his briefing notes here now.

**Hon Mr Pouliot:** I can speak offhand. I have been living up north for some 26 years. I appreciate your kindness and the need to shelter and protect your flock, and I say this with the highest of respect, Mr Chair. But sometimes one must break away a bit and be quite candid. I am not guarded in the least. I know the feds do not contribute. I did not say whether or not—

**Mr Turnbull:** Minister, I have heard this government for over a year now talking about what the feds do not do. I have also heard municipalities saying what you do not do with your downloading program. Ultimately, in this country we have to get to the point that we unscramble all these programs so that people can truly place all of the blame where it belongs. This is the trouble. We have all this finger pointing that your Premier says you are not going to do any more.

The intersection of Highway 69 and Highway 11 in the north has become, as you know, the cause of numerous deaths, and I noted that you took it upon yourself to say that you are going to speed construction of the modifications. Yet the Minister of Northern Development had announced only the day before that there was no funding immediately available. Could you give me some details of what the ministry is doing and how you magically came up with these funds that Miss Martel said you could not have?

**Hon Mr Pouliot:** This is the plan in terms of Highway 69: Here you are talking about a project that will cost more than \$1 billion. The ministry has given it high priority. It is a most important highway. "Considerable planning and design"—I am quoting from my notes—"work is under way on this 221-kilometre section. The section between Port Severn and Mactier is being designed with construction scheduled to start in 1992 and be completed by 1996. A route-planning study is being undertaken for a section between Mactier and Highway 559. It is expected to be completed by mid-1993. Environmental approval will require 12 to 18 months after which a construction program will be developed. Planning for the section between Highway 559 and Sudbury will start in the fall of 1992. The ministry has a plan in place for the four-laning and will continue to work towards it." This is where we are now.

**Mr Turnbull:** But Minister, my question was, "How did this miraculous change come about?" I mean, one day we have the minister for the north saying there are no funds available; the next day you are saying there are.

**Hon Mr Pouliot:** Mr Turnbull, I know it is difficult to take "yes" for an answer. You cannot have it 18 different ways. A few minutes ago—let me answer, please—you were chastising, and that is quite all right, the lack of action. Now you term it a miracle or a conversion on the road to Damascus. We are talking about the road to Sudbury. I threw all those roads at you. It is difficult to digest, and I know for some the digestive process is simpler—



**Mr Turnbull:** I would not get as biblical as you; I am far less eloquent than you are, Minister, of course. Let's turn our attention to another issue. On Monday you will recall I asked a question in the House about driver licensing offices and you said you were not planning to change the present system, and you were most categoric. When I came with my supplementary, you responded by saying, "Well, weren't you listening to the first answer?"

If you have no intention of closing these very efficiently, inexpensively, privately operated licence bureaus, why is it that the assistant deputy minister of safety and regulation from your own ministry is participating in a committee with the financial institutions and the auto industry to discuss this issue along with others?

**Hon Mr Pouliot:** We have 10,000 employees at the ministry and I cannot keep track of each and every one, but I will refer it to a person who has a timetable and a file on everybody's itinerary in the Ministry of Transportation, our deputy minister Pat Jacobsen.

**Mr Turnbull:** Okay, but Minister, will you now instruct your ministry staff to stop these discussions if you have no intention of doing it?

**Hon Mr Pouliot:** This is an open-minded government. People consistently, daily in fact, go beyond the call of duty. I am not biased one way or the other and I have full confidence in people from our ministry. This is an open-minded administration, as you well know. We encourage people to consult. The consultative program is alive and well and is something we are very proud of. Thank you for giving some of your evenings without pay, Mr Kelly. I for one appreciate it. It does not go unnoticed.

**The Chair:** Is that for the record, Mr Kelly? It was without extra pay, was it? I always wait to see the employee corroborate that. That is wonderful.

**Mr Turnbull:** Do I have any more time?

**The Chair:** No, the deputy wants to respond.

**Ms Jacobsen:** Alex Kelly is the assistant deputy minister who was referred to. I think Mr Turnbull should be aware that the ministry, on behalf of the government, is looking at various ways the government can work with the issuers and with the insurance industry to look at whether there are ways we can ultimately save money in terms of people's—

**Mr Turnbull:** But it is a very inexpensive system at the moment. I believe something like only 3% of the funds they gather covers the whole of the cost of the pay and running the office—the rent, the heat, the light. I cannot believe any government office would be as inexpensive as that. I have never ever heard of a government office running that lean. I am a little alarmed at the fact that we have 1,500 people who are working in this sector who are most concerned about their jobs.

If it is a question of making sure that people are insured when they get their licence plates, that is very easily done. You mandate that a computer link-up be established in each office and you just punch in and make sure they have insurance. It is not complicated and yet it is cheap the way we run it at the moment. Why are you looking at this?

**Ms Jacobsen:** That certainly is part of the discussion of the ways, including computerization, the issuers can make the best use of their system. We are having discussions with the issuers similar to the ones we were having with the insurance industry.

**Hon Mr Pouliot:** We certainly welcome your idea. It is so commonsensical to me. We blend all information. That is the process of consultation. Alive and well, it is imaginative and innovative. Our duty is to listen and we do that rather well. We gather the information, we blend and we come up with the focus on value for money for the taxpayers of our province.

**Mr Turnbull:** Value for money is exactly what I am talking about.

**The Chair:** You can revisit that in a moment.

**Mr O'Connor:** I have an English copy of the briefing book before me and it is indeed colourful. In fact, the binding matches my tie, which is quite nice.

**Mrs Marland:** Is it English or French?

**Mr O'Connor:** English.

**Mr Turnbull:** Have you been getting lessons from the minister?

**Mr O'Connor:** On page 17 of the estimates book there is some talk about the anti-recession program and the money that was allocated by your ministry for the anti-recession program. I was just wondering if I could have a little help from someone in your ministry in explaining to me what it actually means. Although the pictures are nice and colourful, I would like to know whether they are on track and where they are going with it.

**The Chair:** Does somebody want to explain the colours in the graph to Mr O'Connor?

**Hon Mr Pouliot:** You are right. I can attest that after the last 13 months we are back on track.

**Mr Barr:** I am Graeme Barr, the manager of the budget office for the ministry. The total anti-recession budget for the ministry for this year was \$80 million. That \$80 million will be spent. There may be some fine-tuning between the municipal roads and the provincial highways programs, in terms of moving money from one to the other, but the total funds are expected to be spent.

**Mr O'Connor:** In the municipal roads portion, was there a joint-share program? You asked municipalities to bring their projects forward and then you matched dollars or something?

**Mr Guscott:** Yes, the municipal roads portion was done in consultation with the municipalities. Essentially what we did was go to them and say, "For those projects you are unable to fund, are there activities which will help the anti-recession program by employing workers in your community to carry out those activities?" So they were projects which fit the municipal priorities yet which did not have sufficient funding from either our funds or from the municipal level to allow them to be carried out.

1600

**Mr O'Connor:** In this, it does not say how many person-hours of work it has created. As it was an anti-recession program, could you tell me how many job-hours this was?

**Mr Barr:** We have that information available. Unfortunately, I do not have it here, but we could certainly provide it, because we report on that to Management Board or treasury board on a regular basis. We can provide it.

**Mr O'Connor:** In a value-for-money audit-type setup then, is there any way of checking on what the long-term benefits would be of this spending that has taken place under the anti-recession program?

**Mr Barr:** It would be subject to any normal audit process. Please be aware that a lot of these projects were maintenance-intensive; for example, cleaning the side of the road, the types of things that are able to be initiated immediately. So in terms of the long-term benefit, if you talk about cleaning the side of the road in terms of value for money, if the auditor does not get out there right away, it would be very hard to assess if they did not do it in the particular year. But it is subject to the normal audit of any process that the ministry carries out.

**Mr O'Connor:** In transferring then, you said within a program there may be some change within the municipal and provincial highways portion. What would be the reason for that?

**Mr Guscott:** Between the provincial transportation and the municipal one, for example, some activities related to airports would be under the municipal transportation area. In others it was provincial highways where the money flowed. It had to do with the ability to get up and running with the contracts quickly so they could be done in the time available. This program was announced in the spring, I believe in March, and there was very little startup time to get the projects under way. We wanted to make sure the money was in fact spent wisely and where they could be quickly begun. It should be noted, though, that whether they were municipal roads or provincial highways, they still followed the same criteria with respect to the areas that needed anti-recession funding.

**Mr Barr:** Just to add to that, on the municipal roads, some of the municipalities could not match the funding the ministry required and therefore they had to move over into the provincial highways program. So there was very minor fine-tuning in that way.

**Mr O'Connor:** Do you believe that all the money, or most of it, that was set aside for this process will it be used up then?

**Mr Barr:** Yes, it will.

**Mr Perruzza:** My question has to do with the Let's Move announcement, the major transportation initiative that was announced for the greater Toronto area. The minister well knows that Metropolitan Toronto in certain areas is faced with some very aggravated transportation problems and many of our major arterial roads are technically at gridlock, some of them well above or under, depending on how you work the equation.

I just wanted to know from the minister how that major transportation plan, the \$5-billion announcement, is proceeding. Is it still on track? What are the priorities? Is the Spadina-York University-Yonge loop still the number one

priority of that announcement and is the Sheppard subway still the fourth priority, that kind of thing?

**Hon Mr Pouliot:** We are committed. We are still on track: The Spadina LRT—that is light rail transit—the Yonge-Spadina subway loop, the exciting project which is the Sheppard subway, the Eglinton West rapid transit line, the Scarborough extension, the Bloor West subway extension, the Harbourfront LRT extension, the Mississauga Transitway, GO Transit service expansion. I could tell you so many details and we could go on.

The Let's Move program is a commitment from this government. What it means is the recognition of the reality of today, simply—

**Mr Turnbull:** I believe the question was, what sequences?

**Hon Mr Pouliot:** You will have the decency to let me answer, please. It is simply this: the recognition of the needs of today in the greater Toronto area and to anticipate and act on the needs in the future for the greater Toronto area, Toronto and the 35 municipalities that surround Toronto. Population at present? Some four million people. Within 18 years, the forecast is that it will grow by 50%, from four million to six million people.

Yes, the Ontario government announced a multibillion-dollar rapid transit system. We are on track. Dave Guscott could give you all the details. This is an exciting project. This is a project that lives, and we live the project, because it has such a human dimension. It impacts also on each and every citizen who is part of the greater Toronto area. Mr Guscott, please.

**Mr Guscott:** The only thing I might add to that is the question of how we are implementing the—

**Mr Mancini:** How could you possibly add to what the minister was saying?

**The Chair:** Give us a pulse on this living project of yours.

**Mr Mancini:** We are waiting breathlessly.

**Mrs Marland:** This is such a silly exercise. The money has already been spent.

**The Chair:** Please proceed.

**Mr Guscott:** I was saying, the only thing I could add to the minister's comment on that would concern the method by which we are proceeding with the implementation of the projects. At the time the projects were announced, a group of municipal and provincial representatives was established called the transit implementation group. This group has the objective of making sure that the projects proceed expeditiously and that they are co-ordinated, etc. In that regard, all of the projects are proceeding on time and on budget at the present time.

**The Chair:** And the sequencing? I think that was one of the elements of Mr Perruzza's question.

**Mr Guscott:** The transit implementation group has made a decision that the sequencing will proceed concurrently on all projects for the present time and that they are all in fact on time and all at roughly the same point in their proposal right now.



On the question of the magnitude of the loop of the Yonge and the Spadina subways, the particular route that loop takes is an important part of the alternatives being discussed in the environmental assessment.

**Mr Mancini:** I am noting that the minister is a little sensitive this afternoon. We are going to tread very carefully in our questions. Before I get into the text of my comments, I want to follow up on the important questions my colleague Mrs Marland asked you today in regard to the Disabled and Aged Regional Transit System strike. I thought the question was very important and very well put. I thought the answer went partway in satisfying members of the Legislature and maybe no way at all in satisfying the needs of persons with disabilities who may, because of this strike, be forced to remain in their apartments or their homes without any opportunity whatsoever to go to their jobs, to shop for essential groceries and to do what all of us take for granted whether there is a transit strike or not.

We clearly saw inaction from the government during the TTC strike here in Toronto—and I will talk about that in a few moments—and we are seeing inaction from the government in regard to the DARTS strike. We have an organization that is providing an essential service to a group of our citizens who absolutely without question need this service in order to have any semblance of normalcy.

I want to know from the minister how he could tell us this afternoon that he is doing all he can when in fact we know that hundreds if not thousands of people are unable to go to work, shop for essentials and maybe even have difficulty getting appropriate medical care.

1610

**Hon Mr Pouliot:** You have raised a question that is most relevant. I did give some answers this afternoon. I trust our distinguished colleague the member for Mississauga South had the second leader's question, which is one question and two supplementaries from the third party. The question addressed, "Exactly what are you doing?" The tone was not what I have become accustomed to or what I would prefer, although the opposition chooses to impose that tone, because this is a collective matter which goes beyond partisanship. The human dimension is such that we can all relate to it.

If from time to time you accuse—and I am quoting verbatim—not the minister responsible but the Minister of Transportation in this case, regarding this legal work stoppage, of being paternalistic and going away from his duty when you are talking about a labour matter, then so be it; but I want to tell you it leaves marks you do not escape; this is not a game.

What we are talking about here is 33 full-time and 40 part-time employees, many of whom are disabled, who have been without a contract since July 31, 1991. The outstanding issue right at this time is not money but job security. The dispute is between the bargaining unit representing those 33 full-time and 40 part-time workers in Hamilton-Wentworth. The legal work stoppage to which you have referred started yesterday. The province is very willing and most able to provide a negotiator.

In terms of emergencies, contingencies have been put in place so people can have access to medical care, people can have access to hospitals and clinics. What is impacted are social and recreation trips. It is very difficult to accommodate all components of normalcy during a legal or otherwise work stoppage. We are encouraging both parties to get together and resolve this situation, because this is a most important service. I agree with you that it weighs very heavily in the daily lives of people.

I do not wish to convince you by concluding, but I must say this—and please allow me to say the following because I can only say it once. In the whole transportation system, if someone in a mythical world, in a world of make-believe, said you had the authority and the capacity to do something where a mark would be left, what would you do? You have a dozen components. Would it be high-speed rail? Would it be better planes? Would it be ferry boats? Would it be a cleaner environment? I do not know, first or second, whether I would focus on safety or accessibility.

I have mentioned in the House today, with all the sincerity at my command, that we are all on the waiting list for a place under the sun, a chance to be like the others. It is not a monopoly, it is not a cartel for anyone, it is not debating in an adversarial system whether someone is right and it will look good, "The substance was not there but the body language was 80%, and who crucified whom?" You lose and you leave a bit of yourself there. The point is well taken.

You have collective bargaining. It is the law of the land, the right of people to withdraw their labour. You also have the jurisdictional capacity if you feel that the impact is too severe, and that society is being impacted beyond normalcy in the context of labour bargaining, and that, sir, is the Ministry of Labour. We run, fund and monitor compliance on running the system. Labour laws—I am not passing the buck, not shying away from the question. It is a difficult dilemma. It is the second day of a legal work stoppage, and hopefully the matter will be resolved shortly.

**Mr Mancini:** While we appreciate the minister's sincerity, we are disappointed with his lack of action.

I want to talk a little bit about the TTC strike, which caused substantial disruption to hundreds of thousands of people in the greater Toronto region not too long ago and, if memory serves me correctly, I believe the work stoppage was for a period of eight days. I want to know whether the minister, after the strike, requested any economic analysis as to the effect of the strike: how many hundreds of millions of dollars of business was lost, how many jobs were lost, and the long-term impact of that strike. I would like to know the answers to those questions.

Then I would like to know—the people have a right to know—the long-term impact of that work stoppage on the Toronto transit system itself. How many passengers have we lost permanently to the system? What is the cost of this permanent loss of passengers? How is the Toronto transit system going to make up for this economic loss at the fare box, and what is the minister doing in co-ordination with the Toronto Transit Commission in order to get riders back on the system?

I want to ask the minister further, how many days of transit strike do we need before we get action from the government? How many days of strike, how many days of disruption, how many millions of rides need to be cancelled before we get action from the NDP government?

**Hon Mr Pouliot:** Before I yield to Mr Guscott and Mr Smith—because during the legal work stoppage that lasted eight days people resorted to the most imaginative and innovative ways—really, Mr Mancini, you do not have much of a choice. Mr Smith can give us some accurate figures, but my understanding is that people patronized the GO Transit system and that superhuman efforts were not out of the ordinary. Everything was put into place to pick up the slack. I am told today that in terms of the TTC, people are coming back. They are flocking back to the system. In fact, the numbers are higher than they were pre-strike. You are right; it is important, and it poses questions for the future.

Who would have thought that the disruption would not have been more severe? I am not wording this the way I wish, but I had anticipated—and I will be very candid, very honest with you—that given the congestion and the possibility for chaos the disruptions would be more severe.

Mr Turnbull, I say this very seriously, each person, without any motives, having at heart the welfare of his fellow citizens, pitched in, including your leader, Mike Harris, who supplied a bus for transportation, and I am very happy that this was done without publicity. I heard about it in a roundabout way, and it was done without any ulterior motives, so everybody chipped in. People are coming back.

1620

**Mr Turnbull:** I am pleased to see the minister recognizes that.

**Hon Mr Pouliot:** Mr Guscott, Mr Smith, in terms of numbers, how did it impact?

**Mr Mancini:** My time is very limited. I would like to make sure I can ask my question. I am not worried about what Mr Harris did during the strike.

**Hon Mr Pouliot:** I was interrupted. Mr Guscott or Mr Smith, do you wish to add anything?

**Mr Smith:** Maybe a few comments on Go Transit. During the strike, we added something like 30 trains. Now most of those are on the shoulder of the peak, and many were midday trains. We carried something like 40% more people than we would normally carry each day on that system.

Following the strike, early reading indicated growth across the system of 5% to 10%, depending on which corridor you were looking at. One of the interesting things was that the early indication indicated a significant growth in the northern corridor, our Richmond Hill line, which feeds from York region into Metro. I think that is significant in that we are then carrying people who are not within Metro, and although we may be in some competition with TTC, in fact, we seem to be attracting some people who found us during the strike, and they may have given up their cars.

We are in the midst of a detailed survey right now—we do one twice a year—that will tell us what the change is this year over last year by every station throughout the system. We will have those results in about two or three weeks. By that time we will know for sure the kind of ongoing change, but there seems to be a growth in ridership.

**Mr Mancini:** Sir, I would appreciate it if you could review my opening comments and questions in Hansard in regard to this issue. I would appreciate it if I could obtain a written response to every question that I ask, because either my questions were not clear or there is confusion as to what I was asking, but I do not believe I am getting the answers, Minister, that I requested. Unfortunately because time is so limited, I do not want to use my time to get into a debate with the gentlemen or yourself, Minister. I would just appreciate a review of Hansard and answers to those questions.

I would like to move on to another issue. Recently I was contacted by the Canadian Manufacturers' Association and received a letter from it, and I would like to read the letter into the record, into Hansard, and make its concerns known. I know that some members opposite probably are not interested in what the Canadian Manufacturers' Association has to say, but its views are as important as anyone else's.

The letter dated October 1—

**Mr G. Wilson:** Madam Chair, on a point of order, I find that a gratuitous remark by the member that we are not interested. I am not quite sure what he is basing that on.

**The Vice-Chair:** I accept the point of order that one member may not impugn the motives of the other, so Mr Mancini, I think it would be better if you—

**Mr Mancini:** In order not to waste any time, I will withdraw those remarks, but it is too bad that Hansard cannot show chuckles.

**Hon Mr Pouliot:** Please stop fighting and let's get on with the business of the day.

**Mr Mancini:** No, we are not fighting. The Canadian Manufacturers' Association is an important organization in this province, and they have a right to be heard without having their name laughed at.

The letter dated October 1 is addressed to myself and it reads:

"Further to our discussion this morning, I am forwarding a copy of the material presented by the Canadian Manufacturers' Association to the advisory committee on the Truck Transport Act re the 'moratorium.' It indicates very clearly why a moratorium as outlined in Bill 129 is not acceptable to the CMA. Additionally, it should be pointed out that other provinces, notably Quebec, have not found it necessary to introduce similar restrictive legislation. Also, not all trucking companies would support the position of the Ontario Trucking Association.

"We have requested the government to allow for public comment after second reading and we hereby request your support for such action. I would be pleased to meet with you further to discuss the CMA position on Bill 129."



It is signed, "Yours sincerely, Don Wiersma, manager, transportation."

While I do not support the CMA's position on the moratorium on trucks, I think public hearings on the matter would shed a great deal of light and would help us all understand a little bit better the government's action. We may be able to help the minister through these public hearings. We may be able to advise him as to how long this moratorium should last, who is being hurt by the moratorium and who is being helped by the moratorium. I think all these facts have to come forward. We must assist the minister in making some of these judgements.

**The Vice-Chair:** Mr Mancini, you are out of time for this portion.

**Mr Mancini:** Thank you.

**Mr Turnbull:** I would like to return to some of the questions I asked in my opening remarks and the responses you gave. I do not feel I have enough definition here. With respect to the question on page 5, my question was: Will you put forward the private member's bill 124 for third reading? You will recall that is my colleague, Mrs Cunningham's bill on bicycle safety helmets. It has passed second reading and it is a question of getting your House leader to bring it forward for third reading.

**Mr O'Connor:** It is going to committee.

**Mr Turnbull:** Okay. Will you get it to committee? We want this process moving forward. It is very important.

**Hon Mr Pouliot:** We are not the proponents of this bill, but certainly we are committed to public consultation on all safety-related matters.

**Mr Turnbull:** Could you ensure that this gets a high priority in terms of getting to a committee? There are lives being lost and there are head injuries occurring every day as a result of the fact that we do not have this bicycle legislation.

**Mr Perruzza:** Madam Chair, on a point of clarification.

**The Vice-Chair:** Mr Perruzza, there is no such rule as a point of clarification.

**Mr Perruzza:** I just wanted to know whether—

**The Vice-Chair:** No. Could you wait until it is your turn and then you can comment? Thank you. I will put you down if you want to speak. Would you like to speak?

**Mr Perruzza:** Yes.

**Mr Turnbull:** Minister, can you move this forward? It is tremendously important. It is non-partisan and there are lives being lost.

**Hon Mr Pouliot:** Yes, and given the high profile, the importance of the bill, kindly take notice that it has been referred to the standing committee on resources development for review, for analysis; possibly they will decide for consultation as well. But the intent, the spirit, when you look at the compendium of what is intended by the bill sponsored by the member for London North, I am fully supportive of it. In my humble capacity, I will try to do as much as possible.

**Mr Turnbull:** Thank you. With respect to the interlock devices which we spoke briefly about yesterday,

could you describe exactly what tests are being done on interlock devices at this moment?

**Hon Mr Pouliot:** I cannot do your question justice because I do not know that much about it. Can I call on someone to help explain? Mr Kelly, please.

**Mr Kelly:** Our ministry is not doing any tests on interlocking devices. We are following the tests that are being done by other provinces. We have certain concerns with the methods used.

**Mr Turnbull:** What are these concerns?

**Mr Kelly:** If I understand the situation correctly, in order to keep his vehicle operating, a driver has to blow into the system while he is operating the vehicle.

1630

**Mr Turnbull:** That is not the only interlock device. The one which is typically in use in the US and which is mandated for Alberta, the only province that has these devices, you must blow in initially.

There is another device which has just been brought to the market which in fact measures the breath from the driver. It cannot be foiled, because you cannot have the situation of somebody else blowing into it, and it seems there are some significant safety advantages it has over the blow-in device.

**Mr Kelly:** I will have to get up to speed on that, Mr Turnbull.

**Mr Turnbull:** I view it as a very important way of stopping drunk driving, which is costing a tremendous number of lives, particularly among our young folk. I am not singling out the young folks for blame. In fact, drunk driving by our young people has gone down. Nevertheless we have to address this problem and the fact that technology exists to address it. I think it is a program that would not cost the government anything and it really is overdue.

**Mr Kelly:** We will check into it.

**Mr Turnbull:** My question on page 10 is, will the NDP commit to another five-year transportation capital program? I did not feel the answer was clear enough. I am sure the minister would agree that it is critical to maintain the momentum with respect to these projects. Will the minister make an announcement before the year is out?

**Hon Mr Pouliot:** Fiscal year or calendar year, Mr Turnbull?

**Mr Turnbull:** Choose one of them and just tell me if you will make it within the fiscal year or the calendar year.

**Hon Mr Pouliot:** If only we had such latitude in understanding—we are committed to \$2-billion in capital spending that ends in 1993-94. The future can last a long time, one step at a time. We have made a commitment. It is a substantial commitment. It is capital-intended dollars, which is real work with a very high degree of multiplier, if you wish.

**Mr Turnbull:** As we move into these programs, the closer you come to the end of one program the more vital it is that there is a continuance of the program. That is what people are looking for, some commitment from the

government at this stage or before whichever year you wanted to choose is out, be it fiscal or calendar.

**Hon Mr Pouliot:** Yes, you will be pleased with the following because I am going to reiterate the commitment that we are doing the very best we can under the most difficult of circumstances. You are aware that the transfer payments, for instance, from the federal government to the province have been severely impacted. It has been on a negative basis, so we have to pick up the slack at the beginning. It puts tremendous pressure on the Treasury to honour commitment, but we are determined and we are going forward to the best of our ability.

Of course, depending on availability of funds, you will certainly sympathize with our position, if out of literally nowhere a commitment that had been made by another senior government ceases to exist from one day to the next. That poses some pressures. I am sure you can appreciate that, Mr Turnbull. We are doing the best we can.

**Mr Turnbull:** Now, when you talking about another senior level of government, are you referring to the federal government?

**Hon Mr Pouliot:** You are so insightful, so profound. I was not pointing a finger, but I must admit that yes, I was referring to the federal government.

**Mr Turnbull:** I would like to quote your own words from the Hansard of October 24, 1989. "What are you going to do, Minister? You will stand tall with 800 municipalities in Ontario and dump on the federal government, and then you will say that northerners dump on Toronto and Torontonians dump on Bay Street. Then I guess you could go to Wall Street.

"I do not know, Minister, but that is not good enough. Your responsibility is to address the needs, to anticipate the service for the population of Ontario that is called planning."

Your words, Minister. You said this very conveniently and it serves the public well to demonstrate that we can always talk about another level of government, but ultimately—

Interjection.

**Mr Turnbull:** Excuse me, Mr Chair, could you silence this member of the NDP? He is cutting into my time.

**Mr Perruzza:** You mean slap a gag on me?

**Mrs Marland:** Yes.

**Mr Turnbull:** It would not be a bad idea, actually.

**The Chair:** Gentlemen, please.

**Mr Perruzza:** All I wanted to know was the name of the minister at the time.

**The Chair:** You can direct that through the Chair. That would be very helpful, Mr Perruzza. Please continue.

**Hon Mr Pouliot:** What did the minister say?

**Mr Turnbull:** My point, minister, is that at the time, you were frustrated with the minister pointing the finger. All I am asking you to do is say what your ministry is going to do. I am not interested in what some other ministry is not doing. We are here elected as Ontario representatives.

**Hon Mr Pouliot:** You should have better things to do with your time than to peel off or reel off old Hansards.

**Mr Turnbull:** They are rather embarrassing, are they not?

**Hon Mr Pouliot:** They are not embarrassing in the least. I am interested in seeing what the minister said. What I am saying is that in the circumstances of the day, we are doing the best we can. I am not here playing games, Mr Turnbull, as to what has been said in or out of context.

**Mr Turnbull:** That was then and this is now. Okay.

**Hon Mr Pouliot:** We always speak with all the sincerity at our command. There is no scoring points here. I am surprised that you would have spent a lot of time finding out that the cup is half empty when this administration evaluates and starts from the premise that the cup is half full. But there again, sometimes the opposition can be viewed as somewhat negative. It is a normal reaction.

**Mr Turnbull:** I suppose, minister, I am concerned that we have a cup. Let's move on then.

**The Chair:** No winding road analogies.

**Mr O'Connor:** I like the one about the road to Damascus.

**Mr Turnbull:** On page 21, concerning the construction of the Spadina line, my question was, when can we expect to see action? Could you discuss what options for financing you are exploring?

**Hon Mr Pouliot:** Mr Guscott is moving and about to make another career-enhancing statement.

**The Chair:** Do not forget there is no overtime.

**Mr Guscott:** We have already established that.

I referred earlier to the transit implementation group. Among its responsibilities are looking at methods of ensuring the financing capabilities for the various projects. The government is on record with \$5 billion over the 10 years to achieve those projects. Some of them will require more than that to get under way. We have worked co-operatively with Metropolitan Toronto, other municipal governments and other ministries to look at ways where this can be achieved.

As you know, 75% of the capital costs of transit works are now paid for by the provincial government. As we move into a more aggressive transit construction program the magnitude of those funds becomes harder and harder in terms of the provincial deficit. So we are trying to find ways of ensuring that the projects happen and happen on time and that we look at some of the benefiting parties to the facilities contributing towards those needs.

As you are probably aware, Metropolitan Toronto tabled a report at its last council meeting, before it adjourned for the election, which dealt with some options for capturing some of the extra value that flows to a particular piece of property or an area as a transit station is developed.

**Mr Turnbull:** Along the same lines, yesterday, Minister, I asked you a question and you responded, if I understood you correctly, that you were not considering selling off GO Transit. I must admit I was somewhat perplexed. I went back and studied my copy of the Financial Post and I see that the Premier is talking about considering those options.

**Mr Perruzza:** That is where you get those ideas from.



**Mr Turnbull:** I am somewhat perplexed as to what the story is. I would say to you that I understand you have very difficult times and the deficit is always the great concern. My question to you is, why not? I will not play too heavily on the discrepancy between what you were saying and what the Premier was saying. Let me just say that it might be an interesting option to consider privatizing GO. When we look at the example of Britain, where it has privatized the transit services quite heavily, step by step, it seems to have been fairly successful. Why not? Would that not be one of the options you would consider, either creating a private section of the subway system or selling off parts of the GO system and funding the subway system extension?

1640

**Hon Mr Pouliot:** On what the Premier was alleged or reported to have said and what it is recorded I have said, I am in the position, and I can attest to this on a daily basis, that it so happens that philosophically I find the arguments put forward by the Premier not only compelling; we run almost exactly parallel on any subject. Also, candidly, I find his judgement almost flawless. What a coincidence indeed.

**Mrs Marland:** Is that a career-enhancing statement?

**Hon Mr Pouliot:** No, just an observation and a compliment.

**Mr Turnbull:** However, it would be nice if I could have an answer to my question.

**Hon Mr Pouliot:** At least another three years. Be patient.

**The Chair:** In fairness.

**Hon Mr Pouliot:** These kinds of complex questions, with respect, cannot be answered by a yes or no. They deserve more than that. I appreciate the question, Mr Turnbull. What the government has done—no more, no less—is find out and list what is there in terms of programs and physical assets. Who does it belong to? As appalling and shocking as it may sound, the government of Ontario does not have today, in 1991, an accurate list of what it owns. Being open-minded, keeping all our options open, it is only natural that, once we go as far as finding out how much those assets are worth, this due process and due diligence be solicited.

That is what we are doing—no more than that, no less than that. If people wish to speculate about what will happen in phase 2 or phase 3, we have no control over this. That is fair. What is being done at the present time is a listing of the assets that belong to the province of Ontario.

**Mr Turnbull:** I have no problem with that process; in fact, I think it is most admirable. Frankly, I applaud the Premier's stand if indeed he was saying what I think he was saying, according to the newspapers: that there was nothing sacrosanct and that he would consider selling off portions of the transit system to raise funds. Would that not be an option to fund the extension of the subway line?

**Mr Guscott:** I would like to relate that question back to your earlier one, which had to do with some of the Let's Move programs. In the initiatives I have spoken of, as the

transit implementation group has examined them we have been hard-pressed to find any examples of where private sector contributions have raised more than 15% of the cost of works. It would be very difficult, I think, to fund a GO train expansion program on that basis, in that, unlike transit initiatives, which depend on high density and for which there is a land redevelopment portion, there is relatively little land redevelopment which goes with commuter rail facilities. It would be very difficult to fund GO Transit in that way. I am not saying there is not some way GO Transit could be privatized, but on that level it would be very difficult to see how the funds, which as you can see in our estimates now come from the province, could be realized in another way, through privatization.

**Mr Turnbull:** But using the British example, if you privatized the bus lines within the greater Metro area and used some of the funds you realized from that to fund the extension of perhaps a continued publicly owned subway system, would that not be something that should be considered?

**Mr Guscott:** The bus system in England is essentially different from the way it works here. We have tried to improve the integration of our bus and train systems, especially in Metropolitan Toronto, less so in areas that do not have rapid transit. We have tried hard to integrate those measures. It is a lot harder to integrate them. There are 17 transit systems in the greater Toronto area. It is an uphill battle to integrate those public sector facilities, and it would be much harder, in my opinion, if we then subdivided out the bus portion.

**The Chair:** With the committee's permission, having sat through the last four estimates of the Ministry of Transportation, might I be permitted to pose your question in a more direct way that flows from the last series of estimates?

**Mr Turnbull:** Surely, Mr Chair.

**The Chair:** It has to do with part of the linkage of the GO system, which includes the parking lots, for example, to GO stations. There has been some study and discussion about privatizing the parking lots that form part of the total GO train service, and to that extent, that is one of the component elements of a privatization, as opposed to just simply looking at privatizing the whole system. There are component parts. As Mr Turnbull has indicated, it also implies the integration of a bus system to a GO train, to a subway system in Toronto as part of the total system, which involves private sector participation.

Are there further discussions in this very narrow area regarding land holdings and privatization of parking lots? This was raised when the previous government was administering or was supporting GO Transit through your ministry. Is there any area I am introducing now that is an area of discussion currently, that Mr Turnbull has raised?

**Mr Smith:** We recognize that in the case of parking lots, GO holds a lot of land that has great potential for development, and in time there will be significant development on those sites. The work that is going on now is to work with municipalities to look at their land use plans, the kind of zoning that takes place in those areas, and to encourage them to upgrade the area around the GO stations so that

we create a higher density development both on private lands as well as on our own.

As you know, we are moving towards all-day service on a good many of our corridors. When that occurs, what I would like to see, in the building of new stations or in the expansion or creation of new development on our sites, is that the private sector be involved. It is an ongoing, evolving thing. Frankly, until about a year ago, we had a few contacts from a number of developers who wished to do things, and we were involved in discussions, but all of that has gone cold at the moment.

**The Chair:** Maybe we can revisit this, but I would like to briefly recognize Mr Farnan, who has been waiting. Thank you, Mr Turnbull, for allowing me to raise that question.

**Mr Farnan:** I would like, Minister, to draw your attention again to GO Transit and the considerable interest in GO Transit within the Cambridge community. As you may be aware, the former minister did have meetings with municipal officials and a group of concerned citizens who have been working on this issue for many years. The report itself clearly appears to me to indicate that Cambridge stands at the forefront as a community that would merit such an extension. I would be interested to have an update from the ministry as to the status of GO Transit vis-à-vis the Cambridge riding. Of course, Cambridge would be serving a very large catchment area and linking that catchment area into the system.

**Hon Mr Pouliot:** The question is, in terms of GO Transit, what is in it for the riding of Cambridge?

**Mr Farnan:** And surrounding areas. We would hate to be parochial about this.

**Hon Mr Pouliot:** Passenger demand. What about the study of the railway committee? Can someone shed some light please and bring us up to date on it? David?

1650

**Mr Guscott:** The study the government announced on November 26, 1990, dealing with passenger transportation in southern Ontario, is designed to address exactly the question of extension of the GO Train service to Cambridge. As you may be aware, other communities have expressed a desire to have GO Train service and we have undertaken this study in an effort to conduct that kind of expansion analysis in a planned manner.

Over and above that particular study, we have done studies of the ridership that might be expected in the area of Cambridge and Kitchener, which has also asked for an extension of GO Train service. These have been recently completed and will be fed into the overall southern Ontario passenger rail transportation study.

In areas where we are extending the GO Transit network, or evaluating its extension, we are trying to answer such questions as cost, availability of equipment, the nature of the equipment, and some of the other factors that relate to rail operation. One concern is that the anticipated length of trips would be greater than the equipment was intended for. For example, fibreglass seats with an insert are not that comfortable for long rides.

We have almost completed the very first phase of the overall study. From that point we will be doing a series of substudies that deal with particular ranges and areas. The Kitchener and Cambridge area is one that we will be following up on.

**Mr Farnan:** I appreciate that. I am sure the minister would be interested to know, and I just put this forward, that there was a Canada-wide study, as I am sure your staff are aware, which identified the extension to Cambridge as one of the highest priorities. I think it was in the first two or three—I would be happy to look at it. The fact remains that the track is in place, the signalling is in place, there is a railway station there, there is community support, and there is ridership. I would hope that all of these things taken into consideration would support the very strong case for the extension of the GO to Cambridge.

**Mr Mancini:** I would second that.

**Mr Farnan:** I would like a comment on that.

**Mr Guscott:** Those are very strong factors and will be used as we evaluate the extension. Those factors and the factors I mentioned are what we will be using to evaluate it and GO operations as well.

**Mr Farnan:** When could the people of Cambridge and surrounding areas anticipate some definitive decisions on this matter?

**Mr Guscott:** The first study that I refer to is virtually completed now. We know from the questions that have come up in the study that there will have to be further analysis. I do not have a time for the follow-up studies. In fact, we have not made a decision on which follow-up studies will be done at what time. The duration of the follow-up studies, once they are approved, is probably nine to 12 months.

**Mr Farnan:** The one other point I would like to make, Minister, is that the train itself actually goes to bed beyond Guelph, halfway between Guelph and Cambridge. So in fact the train is making the journey to Cambridge but not actually going to Cambridge. All we are asking in Cambridge is that when it gets up in the morning, the train will go to Cambridge and then go to Guelph. We are only asking for one train in the morning and one train in the evening. It will have a huge impact on our area and the whole area surrounding it. I would have to say the people of Cambridge are becoming somewhat tired of studies in this regard.

**Hon Mr Pouliot:** If I may add, I marvel at the capacity of Mr Guscott to digest and assimilate the very, very complex transportation system. What he was doing again for our benefit was looking at the whole system. I am sorry he is so busy, but I have such confidence in Mr Guscott's ability that if Mr Guscott and I were to say that we are committed to giving you an answer before the end of the fiscal year on the Cambridge situation, that we can sort of pull it out of the system, would that be relevant to you, Mr Farnan?

**Mr Farnan:** I appreciate that response very much, Minister, thank you.



**Mr Mancini:** How much time is left for the entire estimates, Mr Chair?

**The Chair:** By arrangement we will complete today by 6 o'clock, and we are rapidly making up the 20 minutes that we will be short. It would be our intention not to call back the minister and his staff for 20 minutes next week. The vote will be done at 6 tonight, hopefully.

**Mr Daigeler:** Is there not a vote in the House?

**The Chair:** There could possibly be, but it will only take a moment to do our votes, so when the bells ring I would move directly to votes. Mr Mancini, both you and Mr Turnbull and your caucuses will be dividing substantively the time left.

**Mr Mancini:** About an hour?

**The Chair:** That is correct; between you equally, almost equally, I am sorry. If there are any further questions that any member would like to table, please attempt to get those tabled in clear and concise form. They can be done verbally, so that the minister is aware of those items they are unable to answer today and they can make available to the clerk of the committee, who will then make sure they are distributed. Please proceed.

**Mr Mancini:** Thank you. that is a good point about the questions, Mr Chair. I would like to reiterate my request that the minister have appropriate staff review Hansard, not only to catalogue all the questions, but of course to provide answers. I was wondering if we could get a commitment from the minister and deputy minister today as to a time frame for the response to these answers. I was wondering if two or three weeks would be adequate. Perhaps, say, by 7 November or something, we could have a commitment that all questions asked by members participating in this committee would be at least initially answered. We may not like the initial answer and we may have to come back for more information, but at least we will have the initial answer.

**Hon Mr Pouliot:** Sounds fair and reasonable, sir.

**Mr Mancini:** Thank you, minister. I would like to move on to discuss a matter that is very important to the Hamilton-Wentworth region, the unilateral cancellation of the Red Hill Creek Expressway.

There are several things which greatly disturb me and the Liberal caucus in regard to the actions of the government. We in no way want to take the opportunity of governing away from the government. You had the choice to either proceed with the expressway or to cancel. You chose to cancel.

You were in cabinet at the time, Minister, in a different role and responsibility, but I am assuming, with the limited experience I had in previous cabinets of only three years, that such matters are often debated, and I am assuming that the cancellation of such an enormous project that had been worked on for so many years had the support of the entire cabinet. So while I am holding you responsible for the actions of your predecessor I am, in fact, holding the entire government responsible for the decision.

**Hon Mr Pouliot:** Those are bold words, Mr Mancini.

**Mr Mancini:** Bold in what respect, Mr Minister?

**Hon Mr Pouliot:** "Holding you responsible."

**Mr Mancini:** Yes, I am holding you responsible, minister, and the government for cancelling the Red Hill Creek Expressway. You are the minister. You get the car and driver—

**Mr Daigeler:** You get paid for that.

**Mr Mancini:** You get double the salary—

**The Chair:** One at a time, gentlemen. You did say the whole Liberal caucus was excited about this, but I would like to take you one at a time, please.

**Mr Daigeler:** If the minister does not want to follow through on his responsibilities, he should resign.

1700

**Hon Mr Pouliot:** They would only appoint another one, sir, so let's get on with the questions.

**The Chair:** As we both know, they have an awful lot of them to choose from. Please proceed, Mr Mancini.

**Mr Mancini:** I am holding the minister and the entire NDP cabinet responsible, and the members for the Hamilton-Wentworth region in particular, who, I understand, led the way in cancelling this major project in the Hamilton area. Great economic harm has been done to the Hamilton region.

The local municipal officials, along with several hundred other people, paid a visit to Queen's Park and held a demonstration in front of our buildings. Indeed, the government did send a spokesman from its caucus from the Hamilton region to speak to the crowd assembled, but from my personal observations I can attest that the government spokesperson was not very well received. The government spokesperson did not in any way address how this economic loss would be made up, did not in any way address what the Hamilton region itself could do to proceed, and did not address any of the concerns that were voiced that day. We had, as I said, local officials, we had construction workers, we had business people, among other concerned citizens, who came to Queen's Park looking for answers. Of course they received none.

We were especially disappointed by the manner in which this entire matter was handled by the minister of the day. I cannot hold this minister responsible for that, but long-held traditions of cabinet secrecy were broken when more than one minister told local officials in the Hamilton area that this project was going to be cancelled. Private meetings were held. Under normal circumstances I believe ministers caught in this situation would probably have had to resign, but we got an apology, and I guess at that time that was as much as we could expect.

I will not read into the record the course of events that transpired in order to get the Red Hill Creek Expressway approved by the last government. I will not read into the record, because we do not have time, every indiscretion that took place and each detail of what has transpired before or since, except to make one point with the minister. Your government promised that it would be working with a group in the Hamilton-Wentworth region and would come up with some kind of alternative plan. Then I believe it took a number of weeks, if not months, to get a reference

for this committee to work with, and I am not entirely sure whether that reference was accepted by the regional municipality of Hamilton-Wentworth, and I do not know of any meetings that took place with regard to the promise that was made.

I would like to know from the minister, where do we stand today? Where do the people of Hamilton-Wentworth stand today with regard not only to the cancellation of the Red Hill Creek Expressway but to the subsequent promise made to work with a local committee to come up with an alternative plan?

**Hon Mr Pouliot:** I can talk about the policy decision. It is my role, my mandate. But I would like, if permitted, to have Mr Vervoort talk about the process.

**Mr Vervoort:** Mr Mancini, the indication was quite as you say, that there would be a joint review, participation with the regional municipality of Hamilton-Wentworth and the Ministry of Transportation, a joint undertaking, fully funded by the ministry, which would look at alternatives to the transportation services which would have been afforded by the construction of the Red Hill Creek Expressway, that portion in the valley.

At present the terms of reference for that planning study have not been finalized, and we expect that those will be—

**Mr Mancini:** Can I ask a question? Sorry, I do not mean to interrupt your flow of thought, but can I request from you the date that the commitment for a reference for this committee was made? I am not asking you for a specific date, but can you say the first week of what month, or what have you?

**Mr Vervoort:** I believe it was close upon the heels of the announcement, and I would place it in late December or early January.

**Mr Mancini:** So we are talking at least 10 months?

**Mr Vervoort:** That is correct.

**Mr Mancini:** In 10 months' time we have not been able to agree upon a reference for the committee to meet to discuss a reference?

**Mr Vervoort:** There have been several discussions with respect to the language of the terms of reference. There has not been finalization of those terms of reference.

**Mr Mancini:** Is there an official name for this body that is to meet to work out these terms of reference?

**Mr Vervoort:** At present there is no formal body per se developing the terms of reference. The terms of reference are being developed in conversations with me, as the regional director of central region, and with my counterpart, the commissioner of transportation, Mr Dale Turvey, of the region of Hamilton-Wentworth, in addition to each of us being advised by our respective elected representatives.

**Mr Mancini:** Okay. I hope you do not mind, but as we are going through this question and answer session it may appear as if I am cutting you off. If it appears that way, it is only because I have the answer I want and I want to quickly move on.

So we have a scenario here that the government cancels a major expressway for the Hamilton-Wentworth

region and this causes an uproar in the community, as should have been expected. In response to the concern by the Hamilton-Wentworth region, the government says, "Okay, let's sit down and we're going to work out terms of reference for an alternative to this expressway we cancelled."

We have here today a senior official of the ministry telling us, Minister, that in 10 months' time we have not been able to work out a reference. That leads me to believe, sir, in that you are not trying yourself personally, that this is not a high priority with the government. It should be a high priority with the government. It should be a number one priority with the minister, in view of the way the project was cancelled, where ministers had to rise in the House and apologize for leaking confidential cabinet information.

**The Chair:** Be careful. There were allegations, but it was never proven.

**Mr Mancini:** What did Mr Allen rise and apologize for then?

**The Chair:** The leak was confirmed by an alderman in the city of Hamilton. We did not have the authority to prove whether or not Mr Hinkley, the NDP candidate for mayor, lied to the Hamilton Spectator. That is what we were unable to prove. The matter—

**Mr Mancini:** The minister apologized.

**The Chair:** Precisely, but please—

**Mr Mancini:** So he must have apologized for something. I do not know what he apologized for, but we have a situation where the circumstance, I say to the minister, was clouded. Ministers do not get up and apologize because, while they are eating their Cheerios in the morning, they think that is what they should do at 1:30 in the afternoon. So having all of that surround this issue, having several hundred demonstrators in front of our buildings, having senior officials from the region, having locally elected officials from the region, having business people, construction workers and a cross-section of Hamilton in front of our buildings, that would have led me to believe that the minister of the day, your predecessor and you, would have given this a high priority for the Hamilton-Wentworth region. We have a situation here where we are told that even the terms of reference for an alternative have not been decided upon and it has been 10 months.

1710

**Mr Daigeler:** It is disgraceful.

**Mr Mancini:** It is a disgrace. My colleague Mr Daigeler says it is a disgrace and it is a disgrace. In your best estimation, when might we get agreement on the terms of reference?

**Mr Vervoort:** It has been my sense that we have been close to reaching agreement. I had a meeting with Mr Turvey approximately four weeks ago and it is my sense that we have concluded the discussions. I would estimate that within a period of six to eight weeks we would achieve agreement on the terms of reference.

**Mr Mancini:** What you are telling me this afternoon is that the minister is overseeing a process where the terms of reference are going to take one year to accomplish, to agree to, and then we have to have a study. This is unacceptable



and today I ask the minister on behalf of the Hamilton-Wentworth region that you make this a priority in your ministry, that we get the terms of reference approved as quickly as possible, noting that it has already been 10 months, that you make arrangements to have whatever money is needed to move forward with the terms of reference and that we work hand in hand with the local municipality to see when we can proceed with an alternative that is vital to the economic rebirth of the Hamilton-Wentworth region. They are suffering like everybody else in this province.

**Hon Mr Pouliot:** Mr Mancini, you have not only my personal assurance but, more important, that of the Ministry of Transportation that it is a high priority and that we are working collectively with the Hamilton-Wentworth region's representative. It is a priority and we are rushing to establish the terms of reference. Yes, we are concerned; yes, it is high profile; yes, it is a priority; yes, we are working on it; yes, we are hoping to have an agreement as soon as possible.

**Mr Mancini:** Minister, I have said before these estimates, I am not in any way questioning your sincerity, it is the lack of action we are disappointed in. No one can in any way say that 10 months to get terms of reference is rushing it, especially when the commitment was made by this government to the people of the Hamilton-Wentworth region: "Yes, we know you're upset about our cancellation," referring to the NDP government, "of the Red Hill Creek Expressway; yes, we know you were promised that; yes, we know that the project could have been worth \$100 million; yes, we know people made business decisions based on that project; yes, we know construction jobs have been lost; and, yes, we are going to get terms of reference to give you the best alternative," and nothing has happened. I appreciate the minister's commitment. We await the minister's action.

**Hon Mr Pouliot:** I am happy you mentioned the word "alternatives," because 10 months seems to be a long time, but let's keep in mind that the region wished to explore legal alternatives first. That is a fact of life.

**Mr Mancini:** Our view is that the Red Hill Creek Expressway should not have been cancelled and we would not be going through this process. Hamilton-Wentworth region has been left out in the cold. They have had their expressway taken away, they have had future development taken away, potential jobs have been lost, investment has been lost and we are 10 months later sitting here in the estimates chamber discussing with the minister why the ministry at the highest levels did not make this a priority.

Minister, as I have said many times in these estimates, it is not your sincerity. We know you as Gilles Pouliot, we know you as an individual and we like you. It is your role as minister we are questioning and the representation from the members for Hamilton, a full slate of NDP members and they cannot ensure that a term of reference in fact gets approved.

**The Chair:** Mrs Marland wanted to raise a question, as we move in rotation, and then Mr Turnbull.

**Mrs Marland:** Minister, I know you were sitting on my side of the House when I first started to raise the question about the risk of sight-impaired and blind people stepping off the edge of subway platforms, and, because you are the compassionate person you are, I know you would still be as concerned no matter which side of the House you are sitting on. We are aware that the TTC did receive money from the government to install warning tiles across the front of subway platforms. We had a commitment for a certain number of platforms that would be installed.

Unfortunately, it has been brought to our attention that there has been some question raised—I am not making this as an allegation, Minister, I am making it as an observation as to how this whole process happened after the Ontario government gave the money to the TTC.

The questions on which I would like your commitment, to investigate and report back to this committee, are whether the whole process of tendering for this work was handled properly, whether the decisions that were made as to the most functional tile were made without bias as to who the producer or manufacturer of the tile is. Because of your personal integrity and the integrity of this ministry, I hoped we could have this commitment from you to investigate and report back to this committee. While there are allegations out there which I am bringing to your attention, I think it is necessary to establish why this installation has not progressed the way it was promised on behalf of sight-impaired and blind people who in the interim are still at extremely high risk in these stations. I have made inquiries, I have visited the sample station and looked at the sample tiles and walked on them and so forth, by the way, so I have been quite involved in trying to find out how they were making the decision as to who would do the installation and who got the contract and so forth. It is a fairly straightforward question. If you do not have the answer to it now, and I do not really expect you to, I would be quite happy to receive it in writing at a near future date.

**Hon Mr Pouliot:** Simply put we have done lots, but if this is a specific inquiry—and it is; it sounds most legitimate—we had better have a good answer. If we do not have it, we will come up with a project that will address this particular situation. The point is well taken.

**Mr Guscott:** The only thing I was going to add, minister, and Mrs Marland may well have addressed this at the end of her question, is that I was involved in the process of selecting which particular tile as it related to the users of the system. As you are probably aware, they used the unused station below the Bay Street station for that purpose.

**Mrs Marland:** That is where I was.

**Mr Guscott:** They brought in various samples of tile and various users from the CNIB, among others, to investigate which ones met the purpose. Other than that, we will have to get some more details and get back to you.

**Mrs Marland:** Was it properly tendered?

**Mr Guscott:** We will look into it. I have no information on that.

**Mrs Marland:** That is fine. I do not expect you to. I look forward to the response. Thank you, Minister.

1720

**Mr Turnbull:** I am certainly pleased to note the comments made by the Liberals about the Red Hill Creek Expressway. I cannot help feeling that we in the Conservative Party were awfully pleased when they made their conversion, because as you will recall, the previous time they were in opposition they were against the Red Hill Creek Expressway. The Conservative Party is the only party that has consistently been in favour of this project.

**Mr Daigeler:** But they never did anything about it.

**Mr Turnbull:** We are moving forward with it. The Hamilton-Wentworth area is suffering and I was most alarmed that none of the six NDP MPPs from that area showed up at the meeting, a rally which Mr Jackson and I attended to get support behind getting the Red Hill Creek Expressway at least started. I would urge you to make this a great priority to ensure that the terms of reference are fixed very soon so that we can get this important area of our province kickstarted again. Minister, that is just a comment. It is not a question and I suppose there is a certain amount of frustration there.

The TTC strike had the effect of reducing the ridership and typically we have seen that 68% of the cost of ridership has been borne out of the fare box. The TTC estimates that this year, as a result of the drop in ridership and the ongoing costs, it will be down to something like 63% to 64%. Of course this increases the burden and they will be looking to you for moneys. My question to you is, first of all, how will you respond to that?

Second, on another issue which relates to housing, there is a sufficient number of apartment buildings which are actually built on TTC rights of way, and they are on land leases. The land leases will be coming up predominantly during your term in office. Typically, when a land lease comes up there is a massive increase in the amount of money which is charged. We are not talking about 5% or 10%; we are talking about maybe a 150% increase. Quite obviously, the legislation that your party brought in, both Bill 4, the interim rental legislation, and Bill 121 when it is passed, does not allow landlords to pass this increased cost through, and yet there is absolutely nothing that landlords can do about it.

My question to you, Minister, in conjunction with what you will do about the drop in the percentage that would be borne by the fare box, as part of any plan to help fund that, will you ensure that either your housing legislation is amended to reflect the inability of landlords to pass this money through or will you stop the TTC from increasing these land leases?

**Hon Mr Pouliot:** In the first instance, you are right, our records will attest as close a percentage as can possibly be named—68% comes from the turnstiles or the fare box. The province splits the difference in terms of operating costs. It also picks up 75% of capital dollars. The province pays 75% and the TTC pays 25%. I do not wish to speculate. I really do not know what the final figures will be because of the strike where no one rode, but hypothetically you can assume anything, so let's go with the scenario you have mentioned.

We will have to look at it and we will have to give consideration as to how many dollars it means. What about the established formula? What about responsibility? The question is valid. I do not have the answer. I would like to wait for the figure. We do not have a set view on how it will impact the provincial responsibility.

**Mr Turnbull:** With respect to the second part of my question, could you respond as to what you will do in that area?

**Mr Guscott:** The second part being the question of—

**Mr Turnbull:** The land leases to various apartment buildings.

**Mr Guscott:** I am having trouble finding the transportation aspect to that question.

**Mr Turnbull:** To the extent that the ministry shares in the difference between what the fare box brings in and the fact that you will presumably be asked to make up this difference, or at least your share of it. You have some ability either to influence the TTC with respect to negotiations with the landlords so that there is not any wild increase, or alternatively, you, Minister, have the ability to influence the Minister of Housing with respect to the legislation and make some special case to cover these situations.

**Mr Guscott:** I am sorry, we do not tell the TTC how to make its business decisions, so I cannot accept your premise. What we do have influence on is what items are subsidized under operating and capital, etc. I think maybe an elaboration of the sharing, though, may point out some of the lack of control we have over some of those areas. The minister has mentioned that 68% comes from the fare box and 16% from provincial subsidy and 16% from Metro. We built into that formula an incentive so that, as ridership grew or as the TTC became more efficient, our 16% value would remain constant and the TTC would, in fact, have money to put away for a rainy day to that end.

Over the last 10 years that would have amounted to somewhere between \$40 million and \$70 million that would now have been salted away for a rainy day. I would argue that now is a rainy day, and that Metro and the TTC did not salt the money away for that purpose; it went into general revenues for the metropolitan government. I do not think we have the kind of influence you are talking about, Mr Turnbull.

**Mr Turnbull:** Thank you. Moving to truck lengths, Minister: As you know, the problem in Ontario is that we have a differing regulation from the adjoining provinces, and the requirement of a 25-metre overall length, including the truck, would allow for a safer coupling. I believe the B train—it sounds rather romantic, the B train—is preferred as being a safer type of coupling, but is not possible with the present regulations. In fact this safer coupling is allowed in Quebec and in western Canada, but they have to uncouple and change the configuration of the truckload as they go through Ontario because of this regulation.

Will you comment on what you are doing about this, and what sort of time frame before we can see a response on it?



**Hon Mr Pouliot:** My friend and colleague the member for Cambridge and I addressed this subject in the House previously. Some of us did it with emotions and passion; it is something that we have at heart. We have no plans at the present time, Mr Turnbull, to lengthen the trucks. Ms Kelch and Mr Kelly can tell you more about it.

**Mr Kelly:** I am supporting what the minister says. We have no plans in Ontario to allow longer trucks.

**Mr Turnbull:** What about the information that the trucking industry brings forward with respect to the safety factor with the B train?

**Mr Kelly:** I understand that—Margaret will have to support me or give me advice on this one—the B train is the safer device.

**Mr Turnbull:** But surely the B train is the one which requires a 25-metre overall length.

1730

**Ms Kelch:** That is not always the case. There are B trains that are operating in the province today, but what the 25 metres would afford is for you to have the full-sized tractor plus the full-sized trailers. With the 23 metres you can run a B train, but you either have to run one of the trailers shorter or you run with a cab that is shorter.

There are many B trains that function in the province today. In fact, in the northwest, the lumber industry has moved in a very significant way to use almost exclusively B trains because of their stronger safety characteristic.

**Mr Turnbull:** It seems a shame that we do everything in our power to make sure that we are really not a nation. The fact that most of the provinces have regulations allowing 25 metres, and we in Ontario—and I think there are a couple of provinces on the east coast—do not allow it, is a great inconsistency.

**Ms Kelch:** Perhaps it is worth some clarification in terms of the Canadian situation. Quebec currently allows the 25 metres only on designated roadways. It has looked at and studied this issue as we have, but it has not come to a full conclusion in terms of the broad and extensive use of that longer dimension.

Also, your information in terms of the eastern provinces: there are no provinces east of Quebec that currently allow 25 metres. The 25 metres are all in western Canada, and the circumstances of traffic and urban conditions are significantly different in western Canada.

**Mr Turnbull:** Is that the overriding consideration, the traffic conditions?

**Ms Kelch:** It is one of the considerations.

**Mr Turnbull:** What are the other considerations?

**Ms Kelch:** There are considerations in terms of manoeuvrability and in passing. Alex reminds me that one of the significant studies that was done under the auspices of the Canadian Trucking Association was passing visibility. In Ontario and Quebec, certainly we have terrains that require you to have significant passing visibility when you pass a truck that long.

**Mr Turnbull:** Turning to the move of the ministry to St Catharines, Minister, your answers on page 28 of your

response: As I expressed in my opening speech, I am concerned about the significant numbers of civil servants who elect not to go with ministries—it is typically only about one third who do—and the government's commitment to ensure that they will retain jobs.

My question is as to whether this will, in fact, result in a larger civil service. The other aspect is that those who do move or are located as new staff members in the new location often come to Toronto for discussions, and there are significant costs associated with that. Have you addressed this? My question originally was, have you done a complete financial impact study, taking in all of these factors?

**Hon Mr Pouliot:** An impact study, but just as important, the very fact you mentioned, the people, the way it will impact on people. Where are they going? How many people propose to go? Pat Jacobsen has dealt extensively with this issue; she may comment.

**Ms Jacobsen:** We have done the detailed analysis in terms of the cost of the move. Certainly in terms of the government's policy, its interest was both the cost and the impacts on the communities that would receive these jobs. There has also been a cost benefit of those salaries to the communities.

Your question in terms of the staff impacts: Our surveys within the staff show a higher uptake on St Catharines than is normal in the government operations, in that our surveys are running at about 38% of the staff who are indicating they wish to go and 40% who are undecided. Of that 40%, over half are eligible to retire in the next three years. Therefore that number would—depending on the time of the move—be substantially different. Twenty-two per cent are not in a position—we have over 2,000 positions in the central region that are not affected, that are part of our delivery, and we have a joint planning committee with the union and with our management to look, job by job, for each of the people to find jobs within the central region and the rest of government.

**Mr Turnbull:** Are you suggesting this will not result in an increase in the civil service, that there will be sufficient attrition? You are saying you will not be creating new jobs?

**Ms Jacobsen:** We believe that between the base of the ministry that is already in the Toronto region and by managing that well and managing it with the affected staff in Downsview, combined with the government's policies on surplus that are going to be very strong and very supportive in terms of other jobs in the Toronto area, coupled with the fact that we are getting a fairly high interest rate in terms of moving within our ministry, we can do those moves with very minimal impact in terms of people.

**Mr Turnbull:** Can you table for this committee afterwards the complete financial impact study?

**Ms Jacobsen:** Yes, we would be happy to do that.

**Mr Turnbull:** With respect to travel, the experience of other ministries has been that there have been a great number of people who have travelled back to Metro for conferences. What are you doing to alleviate this?

**Ms Jacobsen:** We have looked at that and included that as part of the cost of doing business. We also are totally looking at, within the cost, the technology in our ministry. We believe that as a ministry we should be making much more substantial use of information technology, whether we are in Toronto or in St Catharines, to try to minimize the movement of people back and forth.

**Mr Turnbull:** What about video conferencing and things like that?

**Ms Jacobsen:** Yes, that is very much a part of it. For a large decentralized program like ours, many of those head office people are on the road anyway by nature of their operation. We would be happy to table that with you.

**Mr Turnbull:** Do you already have a video conferencing facility in the ministry?

**Ms Jacobsen:** No, we do not.

**Mr Turnbull:** Is there any plan to have that in the near future?

**Ms Jacobsen:** We are looking at whether there might be some merit to do it starting earlier so that the ministry is used to that form as an alternative to travel, and actually as a cost-saving in terms of our travel costs as they are now.

**Mr Turnbull:** Minister, the Ontario truckers are at a competitive disadvantage to US firms, as you know by your own report which you received the other week. The head of the Ontario Trucking Association has said, and I quoted him in the House the other week, that it is all very well talking about moving to more efficient trucks, but there is no money to go to more efficient trucks. Indeed, in the pre-budget briefing, the trucking industry emphasized the importance of reducing the fuel tax. Notwithstanding that, we have this massive increase in fuel tax which now makes us the third most expensive administration in the whole of North America in terms of fuel tax. Can you comment on that?

**Hon Mr Pouliot:** I am sure you would like me to point out what recent initiatives this administration, our government, has taken in responding to the trucking industry's concern. We met with our counterparts in the federal government in Winnipeg last September and we talked about trucking. We had a consultant's report, the competitiveness study, and the focus was transborder trucking. It identified some of the problems truckers face: Why are we less competitive? Why is trucking in Ontario in such trouble? Why is it that 5,000 jobs in a relatively short period of time have been lost?

There are just too many trucks, so you have to shake the can. You have to balance the law of supply and demand. There are too many trucks, so what you do is you impose a moratorium. The province has done that. You say to people: "So many licences for so many trucks, but no more. If you want to operate, you must buy from within, but no new ones. There is already a glut on the market."

Why is there a glut? Because of many factors. It all happened at once. There was very little time for the transition to take place—and I am answering your question. The recession, free trade, deregulation, all those components are plain. Many people will say, "We told you so." I know

I certainly did, and I will say it again, on one component after another. But people would not listen, so it is coming home now.

What we are doing is imposing Bill 129, a moratorium on trucking. We are strengthening the enforcement of fuel taxes for transborder, for people who are trucking across the border. We are saying, "You're going to pay taxes to level the playing field." Bill 129 will give us the opportunity to force load brokers to post a bond so that people will be paying for the services rendered.

I appreciate your concern, Mr Turnbull. I am on side with you. It is a problem, but we are working on it.

1740

**The Acting Chair (Mr Farnan):** If I may interrupt at this point, I want to thank you, Mr Turnbull, for your contribution to the estimates. It is time to move on.

**Mr Turnbull:** Excuse me, Mr Chair. I believe the understanding was that the NDP members were forgoing their questions.

**The Acting Chair:** I think there was an agreement that there would be five minutes left for the government members.

**Mr Daigeler:** Could I have half a minute at the end to put some questions on the record?

**The Acting Chair:** I will put that to Mr O'Connor, and he will try to facilitate that, I hope.

**Mr O'Connor:** I will try to keep myself as brief as possible so we can perhaps allow that. Some comments have been made that should not be let go without comment, that is, about the forum in Hamilton. In fact, I believe that was a \$100-a-plate fund-raiser, and no Hamilton members were invited. Hamilton is quite well represented in this government. In fact there are three members of the cabinet who come from Hamilton. With the six members there, I think they are quite representative.

**Mr Turnbull:** On a point of order, Mr Chair, I have to correct what the member is saying. The NDP members were invited. The offer was that MPPs pay \$40. I paid \$40 out of my own money and I do not get that from party funds. In point of fact, opposition MPPs earn less than cabinet ministers and also earn less than MPPs who are parliamentary assistants. I paid it out of my own pocket.

**The Chair:** Mr Turnbull, that really is not a point of order. Mr Turnbull and Mr O'Connor, I do not know how you were able to get the floor in my absence, but you did have it and that is fine. We were going to try to slip you in for a short question but Mr Turnbull had the balance of the time for the day and I was going to prevail upon him to give you some of that time.

**Mr Turnbull:** I was told they had another five minutes. I have some further questions for the minister.

**The Chair:** No, that would have been misleading information and I apologize for that. I had to call my wife.

**Mr Farnan:** On a point of privilege, Mr Chair, may I just make an explanation here? I was informed by the clerk while I was in the chair that there was an understanding that there be five minutes remaining and that is why, as Chair, I made a decision in that direction.



**The Chair:** Thank you for that clarification.

**Mr Farnan:** If it was a misunderstanding, I certainly look to the clerk for advice and usually it is very efficient.

**The Chair:** Thank you for clarifying how you arrived at the decision, but at this point, I would now like to move into any final summary comments because it is my intention to call the votes.

**Mr O'Connor:** Because I was led to believe that I had an opportunity for a vote, could I then table this question before the vote?

**The Chair:** If you put it in the form of a question, but I really do not want to revisit attendance at meetings in Hamilton.

**Mr O'Connor:** I do not think that was necessary either. The question I have is about capital initiatives as far as transit goes outside the GTA. It is something I am sure a number of members of the Legislature are quite concerned about. We have talked extensively about GO Transit, in fact I believe we are even getting trains to Hamilton in the near future. But the rest of the province is probably curious about capital expenditures around transit. That was what my question was going to be and perhaps we could leave that with the minister and the ministry staff to provide the committee with an answer. I would appreciate that.

**The Chair:** You are asking for a break-out of the capital projects inside and outside the GTA?

**Mr O'Connor:** What capital expenditure initiatives have taken place outside the GTA? We are talking about transit because we have dealt with public transit quite extensively today.

**The Chair:** Mr Daigeler, did you have a final question you wanted to place for the record?

**Mr Daigeler:** As I indicated for the record, if we could have it in writing—I may be wrong on the title, but you initiated a study on bicycle transportation—where that is at.

Second, under your recession package, which ones were initiatives put forward under your ministry; a status report on that. Also, how much money was spent this year and how much was not? Will you now be able to spend next year and therefore reduce your deficit?

Third, and this is somewhat of a local question, how do you view the operation of OC Transpo in the Ottawa area? What is your general view on that? Do you intend to continue the policies of the former government with regard to OC Transpo in Ottawa-Carleton?

**The Chair:** Mr Turnbull, did you have any final questions?

**Mr Turnbull:** No. Thank you.

**The Chair:** If I can ask a standard question, did the deputy present to the committee those items in the estimates which represent a reduction because of the ministerial requirement to reduce programming in any of the areas as a result of the Treasurer's announcement of a month ago?

**Ms Jacobsen:** I am sorry, I do not recall the request.

**Mr Daigeler:** It was not asked yet.

**The Chair:** In the last two sets of estimates we customarily made the inquiry.

**Hon Mr Pouliot:** Regarding reduced expenditures.

**Mr Perruzza:** On a point of order, Mr Chair: I am not clear on how you are doing this. You went last, you allowed another, and now you are putting in a request. The other thing that really strikes me—

**The Chair:** Is that a request for information or is it a point of order?

**Mr Perruzza:** It is a point of order.

**The Chair:** What is your point of order?

**Mr Perruzza:** My point of order is coming. There are also a number of interjections that you make from the Chair from time to time, and interjections that get into Hansard. I am questioning the appropriateness and your judgement as Chairman as an objective, impartial presider of the meeting and your ability to do that.

**The Chair:** Mr Perruzza, would you like to put that in the form of a motion which would be a more appropriate use of your objection?

**Mr Perruzza:** It is an observation, Mr Chairman.

**The Chair:** Then it is out of order.

**Mr Perruzza:** Clean up your act.

**Mr Farnan:** It is not shared by this caucus.

**The Chair:** I do not think that is appropriate. If we are all trying to help Mr Perruzza understand the standing orders then we could all be helpful if we tell him when he does not have a point of order, but if you wish to challenge the Chair, there is a formal process.

**Mr Daigeler:** Since you were being criticized from the other side of the House, I would like to indicate that we do not have criticisms of your chairing. I think the procedures of this committee may not be liked or the interventions may not be liked sometimes by other members of the committee, but I do not think we should blame the Chairman for that.

**The Chair:** Thank you, Mr Daigeler.

**Mr Farnan:** I would like to go on record. Mr Daigeler has done so on behalf of the Liberal Party. I would like to make a similar statement of endorsement of the manner in which you have acted as Chairman. You continue to enjoy our strong support, Mr Chair.

Interjections.

**The Chair:** The bell is going to ring in one minute and I want to get this vote done. It is the role of the Chair, when questions are raised, to assist in clarifying. I thank you for the comments. However, it has been the custom for the standing committee on estimates to make a final request that they share with the committee those adjustments to the final estimates, as they are before us, that may flow from any ministerial orders. We did this in all estimates subsequent to the Treasurer's announcement that there would be cuts.

I apologize if I did not make that clear at the front end of these estimates but we request, at the closing end of the estimates, that you identify those items that have been adjusted. Is that understood?

**Mr Daigeler:** Agreed.

**The Chair:** I have been directed by the committee to make that request. Could we have a few moments, please? Now that we have completed the time allocated for the estimates of the Ministry of Transportation and it being near 6 of the clock, I will now call the vote.

Votes 3901 to 3907, inclusive, agreed to.

**The Chair:** Shall the estimates for the Ministry of Transportation for the year 1991-92 be reported to the House without amendment?

Agreed to.

**The Chair:** This meeting is adjourned until next Tuesday at 3:30. Thank you, Minister, deputy and all staff who were in attendance.

The committee adjourned at 1751.



## CONTENTS

Wednesday 23 October 1991

Ministry of Transportation .....E-551

### STANDING COMMITTEE ON ESTIMATES

**Chair:** Jackson, Cameron (Burlington South PC)

**Vice-Chair:** Marland, Margaret (Mississauga South PC)

Carr, Gary (Oakville South PC)

Daigeler, Hans (Nepean L)

Farnan, Mike (Cambridge NDP)

Johnson, Paul R. (Prince Edward-Lennox-South Hastings NDP)

Lessard, Wayne (Windsor-Walkerville NDP)

McGuinty, Dalton (Ottawa South L)

McLeod, Lyn (Fort William L)

O'Connor, Larry (Durham-York NDP)

Perruzza, Anthony (Downsview NDP)

Wilson, Gary (Kingston and The Islands NDP)

#### Substitutions:

Abel, Donald (Wentworth North NDP) for Mr Farnan

Morrow, Mark (Wentworth East NDP) for Mr Johnson

Turnbull, David (York Mills PC) for Mr Carr

**Clerk:** Carrozza, Franco













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First Session, 35th Parliament

**Official Report  
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(Hansard)**

Tuesday 29 October 1991

**Standing committee on  
estimates**

Ministry of Skills Development

Assemblée législative  
de l'Ontario

Première session, 35<sup>e</sup> législature

**Journal  
des débats  
(Hansard)**

Le mardi 29 octobre 1991

**Comité permanent des budgets  
des dépenses**

Ministère de la Formation  
professionnelle



Chair: Cameron Jackson  
Clerk: Franco Carrozza

Président : Cameron Jackson  
Greffier : Franco Carrozza

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## Table of Contents

Table of Contents for proceedings reported in this issue appears at the back, together with a list of committee members and other members taking part.

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## Table des matières

La table des matières des séances rapportées dans ce numéro se trouve à l'arrière de ce fascicule, ainsi qu'une liste des membres du comité et des autres députés ayant participé.

Il existe un index cumulatif des numéros précédents. Les renseignements qu'il contient sont à votre disposition par téléphone auprès des employés de l'index du Journal des débats au (416) 325-7400.

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON ESTIMATES

Tuesday 29 October 1991

The committee met at 1538 in committee room 2.

### MINISTRY OF SKILLS DEVELOPMENT

**The Chair:** I am pleased to welcome the minister, Dr Richard Allen. The standing orders provide you up to half an hour to make your opening statements. Then I will recognize the official opposition and the third party, each for up to half an hour, and then you will be afforded time to respond to those questions raised.

It has been the custom of our committee to have questions routinely tabled or presented during the course of the estimates, and we would hope that your staff, who are in attendance and observing, would be able to prepare the necessary responses that you are unable to communicate immediately. With that understanding, I would like to welcome you and ask you to introduce your ministry staff who are with you at the table.

**Hon Mr Allen:** It is a pleasure for me to be here as the Minister of Skills Development to examine with the committee the estimates of the ministry's various operations and expenditures and to answer any questions that members may have about any and all issues that pertain to the ministry.

I am happy to be here with my deputy minister, Thomas Sosa, and his assistant deputy, Les Horswill, and a number of other members of staff who are in the wings and available to lend their abilities and competence to us as we need them. We will certainly be happy to do our best to respond to every and any question that members of this committee have. We have no reason in this or any other ministry of the government to hold anything back, and in this ministry in particular. This is very much a high-priority ministry in the context of economic renewal in the province, and highly relevant to the difficulties of the times in which we live.

I think members will want to know in the first instance that there has been some significant ministry reorganization since the last estimates were examined in the committee for the Ministry of Skills Development. It has been three years since that last estimates exercise; in the interval, the ministry has been reorganized and its mandate significantly changed.

In April 1990, for example, responsibility for programs dealing with basic preparation for the workforce and employment access was divested to the ministries of Education, Labour, Environment, Northern Development and Mines, Industry, Trade and Technology and the Human Resources Secretariat. Those members who are coming at this estimates exercise with a long memory and a long history around this place should bear in mind that there are some things going on elsewhere that were once under this rubric but are here no longer.

With this divestment of programs, the ministry's mandate today focuses on providing support and promoting

high-quality skills in training and upgrading programs to employed workers in order to contribute to the economic development and quality of working life in Ontario. As I indicated, this ministry is highly relevant to the top-priority exercises of this government around economic renewal. This is a ministry that addresses the need for a well-trained workforce, which is necessary to attract high value added jobs.

We all know that to compete with low-wage labour competitors simply is not an option for this province or this country. The only way we can compete is to go in the direction of the most highly trained, best educated workforce we can produce in order to produce the finest, most competitive products in the most efficient fashion possible. Translated into principles, training for economic renewal means that training programs must be based—

**The Chair:** I am sorry, Minister, I think the member would like to know what page you are on.

**Mr Daigeler:** No, Mr Chairman, I would not like to know what page the minister is on. I would like to know why the committee has started to proceed with its deliberations when the House is still in session, when question period is still on and when we have not moved to orders of the day.

**The Chair:** Because it was the opinion of the Chair that we should proceed with the opening statement of the minister, that we were under a very severe time restraint to handle these estimates and that I had notified the committee that our intention would be to start on time.

**Mr Daigeler:** Mr Chairman, first of all, it has been the procedure that committees do not start before orders of the day are called. Second, there were no representatives of the official opposition here, because we were of the understanding that these are the rules we are still following. I must say I do not think the ruling you put forward, with all due respect, is one I would support.

**The Chair:** Your comments are noted, and if there is objection to the ruling, I will entertain that. Failing that, I would like to return to the minister.

**Hon Mr Allen:** As I was saying, Mr Chair, translating economic renewal into principles for training means that training programs must be based, in the view of this government, on joint responsibility and co-operation between governments and labour market partners, and between employers and employees in the design, implementation and evaluation of training initiatives. You will see as we go through the outline of the ministry's activities just how important that is. A new, co-determined, co-operative way of dealing with the workplace in matters of training is very central to everything we are trying to do.

With this backdrop, the ministry's activities may be briefly described as follows:

First, developing policies to help ensure the province's training programs meet the needs of the labour market players;

Second, administering Ontario's apprenticeship systems, which today involve over 53,000 active apprentices and the participation of over 30,000 employers;

Third, supporting upgrading courses for journeypersons, technicians and technologists;

Fourth, providing a training consulting service through 47 Ontario Skills Development offices located in 23 community colleges;

Fifth, providing financial incentives to support training activities undertaken by employee and employer associations, unions and individual firms. The incentive programs include Ontario skills, like the Ontario skills development offices, administered through the community college system; and training trust funds, and programs of that order.

Sixth, developing co-operative arrangements on a community and sectoral basis with business and labour to stimulate workplace training; for example, the initiative with the Canadian electrical and electronics manufacturing industry, which currently has 20 firms participating;

Seventh, negotiating and implementing training agreements with the federal government;

Eighth, supporting community industrial training committees in a network of community-based organizations across the province to identify training needs;

Ninth, overseeing the activities of the Ontario Training Corp.

The delivery system for these programs involves 27 apprenticeship field offices, 47 Ontario skills development offices and Ontario skills offices in 23 community colleges. The programs rely on formal advisory networks such as the provincial advisory committees for the skilled occupations of which there are currently 20, and 57 community industrial training committees, as well as ongoing input from training stakeholders which we solicit through all of our activities and which we get in a pretty generous measure.

I want to refer next briefly to the issue of government restraint. The Ontario training system today has a strong foundation on which we can build to achieve our goals of economic renewal, but the training system does not operate in isolation from the province's fiscal environment. As such, the ministry's programs have been subject to spending constraint as part of the government-wide effort to meet budget targets and foster economic recovery. Constraints were targeted in a careful way so that costs would not affect the direct delivery of training in Ontario.

Programs designed to alleviate the impact of the recession, such as assistance to laid-off apprentices, were not considered as potential constraint targets. Programs directed to equity groups were not considered for reductions. Cuts were not made to spending under the Canada-Ontario agreement on training as this would conflict with the government's efforts to maximize federal training expenditures in Ontario.

Adjustments were made, however, in a number of confined and specific areas. First of all, the duration of in-school training for some apprenticeships, a few, was reduced. The investment fund of the Ontario Training Corp

was reduced. Ultimately, the budget for trades updating was reduced by \$500,000, with the ministry currently reviewing the approach to funding the trades updating courses with a view to targeting program dollars to priority courses and to developing cost-sharing arrangements with the private sector to ensure that real demand for upgrading is being met.

I would like to review a few highlights of recent activities for the committee. Significant initiatives have been undertaken this year. In the first place, in the domain of federal-provincial relations, the government of Ontario has recently successfully concluded a new agreement on training with the federal government. This agreement goes far beyond previous agreements in a number of respects.

First, by recognizing the size and diversity of the province's labour market: Federal funding has been increased by 83% over the 1990-91 expenditures under the previous program, from \$463 million to \$846.1 million. The province and the federal government will provide \$1.6 billion in funding during the fiscal year: Ontario, \$751 million, and the federal government, \$846.1 million.

1550

The second major feature of this agreement has to do with creating and maintaining a strong role for the college system. A large increase in the level of training dollars accessible to the colleges is built into this agreement. Other features include an important role for colleges in local planning and the promotion of college services to third parties purchasing training with federal funds.

Also in the agreement is an unprecedented emphasis on the importance of equity programs. The agreement not only recognizes the responsibility of the government to advance social justice by promoting equity in training, trades and employment, but also contains measures which extend beyond designated federal employment equity groups to include displaced and older workers, social assistance recipients and Francophones.

Strengthening co-operation and co-ordination of effort between the two levels of government is another hallmark of this agreement. It establishes a framework within which the two governments can co-operate to establish local training and adjustment boards, including agreement on joint development, funding and designation, thus getting rid of a lot of duplication and making the whole system much more efficient.

The agreement also removes what in recent years has been a historic cap on the apprenticeship dollars provided by the federal government. Not only is the base funding maintained for apprenticeship in general, but additional funding going beyond the cap of \$40 million that the federal government has provided in the past, is available for programs which enhance participation by equity group members.

Further, the agreement takes another step forward with regard to committing Ontario to take steps to reduce the apprenticeship drop-out rate and to work with other provinces to expand the number of apprenticeship trades. Inter-provincial standards are part and parcel of advances we are planning in the whole apprenticeship area in any case.

To help meet these commitments, Ontario has commissioned an interprovincial apprenticeship study to examine the issues of mobility of trades persons and withdrawal



rates in apprenticeship. Other provisions of the agreement address literacy and basic education, co-operative education, language training, consultation and planning, information sharing, and financial arrangements.

Another highlight of our activities has had to do, quite understandably, with anti-recession measures and activities. Three specific initiatives were undertaken by the ministry to alleviate the impact of recession on training.

1. A \$1-million access fund for underrepresented groups to support preparatory training to bring designated group members to entry level for apprenticeship: Many of the designated groups we frequently refer to in our discussions simply had not had the level of experience in the workplace or the skills necessary to make it possible for them to be hired into an apprenticeship in the first place.

We have provided \$1 million this past year to promote these undertakings. To date, over 10,000 training days have been purchased, with another 7,100 planned. An example of funded activities is an eight-week introduction to marine mechanics program targeted to the native community. It was delivered on the Curve Lake reserve and administered by Sir Sandford Fleming College.

2. A \$2-million enhancement to the ministry's technicians and technologists program lays specific emphasis on training opportunities for unemployed technicians and technologists.

3. A \$6-million program to assist laid-off apprentices to continue their training so that the training investment made in them is not lost with the layoff: This is perhaps the most important program of all. Forms of assistance being provided are: accelerated in-school training to coincide with the period of layoff, placement with new employers, alternative workplace training through community-based projects, and counselling.

To give you a sense of the success of this initiative, I should note that almost \$3 million to date has been spent on accelerated in-school training, over 5,000 apprentices have been counselled in the course of the month it has been available, and 26 projects have been funded at the community level for a value of \$2.5 million.

As an example, one Toronto-based project offered jointly by carpenters union Local 27, the local apprenticeship committee and the Toronto Construction Association is providing alternative workplace training for laid-off apprentice general carpenters. Under the auspices of the project 139 laid-off apprentices, including 14 women, are continuing their training in a two-week program. Another 130 are scheduled to participate in the next two-week session, and so on.

The laid-off apprentices initiative is a good example of the success of working together at the community level in developing and delivering effective training programs, because it requires quite an extensive amount of networking.

I now turn to equity and access initiatives of the ministry in the past year. In 1987, as part of a series of initiatives to enhance the apprenticeship program, the ministry identified a need to address issues relating to access to apprenticeship by women. This meant a greater emphasis on women's access in the delivery of ministry programs, and a research agenda which included an analysis of barriers to employment in these programs.

In 1989 the ministry funded pilot projects to encourage women to become apprentices and enter non-traditional trades. This year, women's access to apprenticeship projects were renewed in order to build on the work of the past two years and realigned to integrate the activities more fully with the Ministry of Skills Development field offices. There are now approximately 2,400 women apprentices in the province, up 20% from 2,000 in 1987. Most of this growth has been in the non-traditional trades. Close to 1,500 women apprentices are in non-traditional trades, an increase of 50% in that category over 1987.

The ministry recognizes that while these figures are encouraging they also reflect the extreme difficulty of overcoming deeply entrenched attitudes and barriers. These challenges are not unique to Canada or to Ontario. They exist around the world. In fact, unlike most jurisdictions, Ontario has attached priority to enhancing women's access and can point to some success. As a matter of fact, very few industrialized countries have such programs in place.

Some examples of success are the women's access to apprenticeship project, which has assisted in registering more than 50 female apprentices in Ottawa and 15 in London. In Nepean, a mother of three on social assistance has trained as an apprentice construction electrician. She averaged 91% in her class and is expected to earn in the range of \$50,000 on graduation. In Thunder Bay, a woman apprentice in sheet metal production worked on the new Ontario government building which opened recently. A woman apprentice in horticulture was recently hired—the first, not only for Thunder Bay, but for the whole area. The examples can be multiplied. But, as I say, there is much work to be done in this area, in a very culturally resistant climate.

Customized apprenticeship programs have been developed for aboriginal people, involving co-operation with the first nations, colleges of applied arts and technology and the federal government. Through La Cité Collégiale in Ottawa, training programs are being provided to French-speaking Ontarians.

A school-workplace apprenticeship program was developed in co-operation with the Ministry of Education and introduced in 1989. Secondary school students attend high school and train as registered apprentices at the same time. The program is currently being offered by 33 school boards, with over 700 students participating in programs covering 29 trades, and is widely praised across the province. It needs expansion and will be expanded.

Regarding new co-operative training agreements, in February, I announced an initiative with the plastics sector under the traineeship program. This will involve about 200 trainees in four different segments of the industry, with training expected to begin before the end of the year.

The traineeship program is a model of training, involving both labour and management. Traineeships are designed to provide entry level training to workers in selected sectors. A steering committee of labour and management representatives guides the design and implementation of the traineeship. The industry accredits the training upon completion. These traineeships, I must emphasize, are based upon bipartite approaches to training, and that is a condition upon which we advance the dollars for them. There have been

programs developed in the past in the electronics and electrical industry, for example, under the aegis of the ministry. 1600

I hope to be in a position to announce new traineeships this year. Considerable work is being done with representatives of manufacturing and dynamic service sectors in the province.

Next I come to the question of improvements to the training infrastructure in Ontario and comment first on client service improvements in apprenticeship. With 53,000 apprenticeships in the field, the administration of apprenticeship is a considerable undertaking, as you can imagine. Each year, for example, some 12,000 to 15,000 new entrants have to be registered and accounted for and processed. Also, 30,000 apprentices are scheduled for the in-school service each year and that of course is a mammoth job. In addition, 12,000 to 15,000 new certificates of qualification have to be issued every year and 60,000 to 70,000 renewed.

To ensure that the administrative system is responsive to apprenticeship clients and to anticipate new growth in apprenticeship training, the ministry is putting in place an entirely new computer system to handle the workload. That new system should be operational by the beginning of 1992, and will speed up the manner in which we serve our clients in the apprenticeship program.

We are making modifications to the management of Ontario Skills Development offices and Ontario skills programs. There will be a new focus under these programs, first on clients in priority areas of the economy, second on training activities which support economic development and technology transfer, and third an emphasis on sectors and larger firms.

In terms of the structuring of the programs, there will be a greater separation of the two programs, which, as I have said, are administered by the community colleges and frequently out of the same offices. With this separation, there will be better access to incentive funds, more accountable management, recognition of the differing needs of clients, greater efficiencies in administration and faster turnaround time of applications.

Program changes to date have produced good results. In 1991-92, over 6,500 clients have been served by the training consulting service. Incentive fund clients exceed 4,500, with funds committed totalling \$22 million. A greater proportion of clients came from the manufacturing sector and firms involved in exporting.

Finally I turn to the Ontario Training and Adjustment Board. This has consumed an immense amount of time and energy in the ministry in the course of this last year, as it has in a handful of other ministries in the government. Working from the strong base of ministry policies and programs I have outlined and also, of course, on the basis of programs offered by some other ministries in the training area, we are now focusing upon the government's strategy for economic renewal in the training agenda and attending to the need for greater involvement of labour market partners in the training system.

As members of the committee are aware, the Premier announced the appointment of Naomi Alboim as deputy

minister of the Ontario training and adjustment project. This marks the beginning of the design and implementation stage of the board. Naomi will report to me, but will be independent of the Ministry of Skills Development.

The government views the Ontario Training and Adjustment Board as a very significant initiative. It brings together all the partners in the training network with the goal of improving the quality and accessibility of workplace and sectoral training, labour force adjustment and entry/re-entry programs in Ontario, and of expanding a private-sector commitment of resources to training in this province.

As we go into the next month, let me highlight ministry priorities for the benefit of the committee. The first, of course, is the implementation of the new training agreement that we just announced with the federal government. This will involve, first, ensuring that federal commitments are met; second, co-ordinating cross-government activities so that the province meets its obligations; third, assisting colleges to take advantage of the provisions of the agreement; and fourth, ensuring better registration of private trainers.

Among priorities will be the matter of revitalizing apprenticeship. The ministry has been active in making changes to the apprenticeship system to ensure its relevance, for example, by updating standards, introducing flexible training formats, administering improvements to client service, revitalizing the advisory network of industry and labour representatives, improving promotion and marketing, and improving access of underrepresented groups and students.

Employers involved in apprenticeship have told us that the benefits of training apprentices far outweigh the costs, but they also tell us that not enough employers participate in the system and that skilled workers are often hired away by other firms after they finish their training. Those are common complaints and we have all heard them. It is a high priority to expand apprenticeship and ensure that its participants—employers, unions and trainees themselves—view it as a relevant and rewarding system of training. However, targets set in 1987 for the reform and expansion of apprenticeship, including expanding participation by 50% and increasing the number of women in the program from 2,000 to 5,000, have not been met. Enhanced resources must be put against these targets to achieve significant growth. The ministry will continue to focus on initiatives to improve the apprenticeship infrastructure and client service.

Major restructuring of the apprenticeship system, including shifts in provincial funding of education and training to provide more support for apprenticeship, will take place under the new Ontario Training and Adjustment Board, but I want to indicate that the ministry is not waiting until the training board is in place to move ahead with significant reforms of the apprenticeship system.

As the Premier has indicated, one of the board's first tasks will be to advise on reforms to the apprenticeship system by connecting it directly to the school system and looking at new forms of co-op education. What is done by that board will build on whatever we have been able to do in the meantime. There will be more co-operative training arrangements as we move into the months ahead. The ministry has been successful in working with unions and sectors to develop innovative training solutions. I have referred to



some of them already in the plastics and electronics sectors and there are others coming. We will continue to aggressively pursue bipartite training arrangements using the successful models of the traineeship, training trust fund and sectoral agreements.

I have covered a fair bit of ground and I look forward to hearing the comments of the critics from the opposition parties and their evaluation of training programs in Ontario. I hope we will then be able to go on to a fruitful exchange of questions and discussion of the issues that are outstanding.

**Mr Daigeler:** First of all, I consider this particular round of estimates a very important one, not just because I am the critic for the Ministry of Skills Development but because I think all three parties agree that the area of training is fundamental to the economic wellbeing of this province. I do not think there is much debate and discussion about the significance of the minister's responsibility among the three parties in the House.

There may be some discussion as to whether we have seen enough action, either by the previous government or by the current government, but I am sure we will be getting to that over the next two to three days.

I would also like to say I appreciate the information put forward in the estimates book. I remember when I was first elected I was sitting on the estimates committee, on the other side of the room, mind you, listening to Mr Johnston, who was the critic at the time. He blasted the then minister, Mr Curling, for what he thought was an inadequate estimates book. He requested—

**The Chair:** I was on that committee.

**Mr Daigeler:** You were on that committee too, that is right. I reviewed some of the Hansards. You were not overly friendly either, but that is the role of the opposition.

I note that the estimates now give a good breakdown of the various programs being offered by the ministry and I appreciate that. At the same time—and perhaps this could be noted by the ministry officials here—I will be intermingling my comments with some questions to which I would like some answers either in writing or orally over the next little while. It would have been helpful to have in the estimates book, when there is a budget description for the various programs, the expenditures over the last three or five years so we have some idea as to how your projected expenditures relate to what was done before. Obviously it will take a bit of time, but I would like that in writing.

1610

Second, the various staff complements: Quite frankly, the other estimates have not provided that either, and I think that should be done as a matter of ordinary procedure in each estimates book, that the staff complements for the various offices and programs be indicated. Perhaps it is asking too much, but I am also interested, in particular for the main office, in what the salary ranges are for the people who fulfil the various responsibilities. I guess for the other programs it is probably too far-reaching, but if it can be provided I would be interested in that as well.

With regard to the details of the estimates book, I will be coming back to that. In my questions I will be following pretty well the order of the estimates book because I think

it gives us a good opportunity to discuss each major responsibility of your ministry.

In my opening comments I would like to point out that while I appreciate the book and the minister's comments so far, I really was looking for quite a bit more. Perhaps he is hesitant to do that here at committee. I hope he will do it soon in the House. I was really looking for some major indications of the direction in which he wants to take training and the whole area of skills development in this province.

When we started this session the Premier came in with what I guess could be called a semithrone speech, and we have not heard anything about that semithrone speech since then. In that speech he indicated how depressed our economic situation is, and I think many of us can agree with that analysis. He went on to say he was going to bring in major initiatives to turn the situation around and do something about the recession we are facing.

Quite frankly I have been very disappointed. I have not heard anything, or very little. One of the areas we have not heard anything about is training. As I said last week in the House—and quite frankly I am on a very different wavelength than Mrs Cunningham, who spoke for the third party—I do not see anything new in the announcement last week about the new training agreement. With regard to the province, the moneys being announced are already in the estimates; and with regard to the federal government, in a way it is not new money because it is diverted from unemployment insurance payments to the training side. I will be asking the minister to be a little more specific on what, under the previous legislation, Ontario would have been entitled to in terms of unemployment payments, what we are receiving on the training side and how much we are gaining or losing in that equation.

Perhaps the minister can take this as notice, I will also be asking how he arrives at this \$735 million that—

**Hon Mr Allen:** It is \$751 million.

**Mr Daigeler:** —this \$751 million he has been putting forward in terms of expenditures on training in this province. I would like to know in detail how he arrived at that particular figure.

I am also disappointed that the minister did not address the whole question of international competitiveness. We have had this famous study by Porter, but well before that we heard the minister's party complain bitterly in the House about free trade and how it was going to fight free trade. Now we are facing a situation where we could be in a trilateral agreement with Mexico, the US and Canada as well. What are the minister's plans to help our workers adjust to the free trade situation with the US and the possibility of the trilateral agreement with Mexico?

When the Minister of Industry, Trade and Technology was here during his estimates on October 1 he said his ministry has to work very closely with Skills Development to become internationally competitive. I would like to hear from the minister. Has he been working with Mr Philip? Is there a study group under way? Is he meeting on a regular basis to address precisely how we are adjusting to the free trade agreement and to the new agreements that most

likely will be coming very shortly and that industry and obviously the workers will have to face in this province?

I was looking, in other words, for some indication—obviously I do not expect the minister to show me all his cards, but to at least give a little peek into his labour-market strategy—where he is going to take this province to bring it back to economic recovery and prosperity. I am sure the minister is as convinced as I am that training and skills development play a fundamental role in that recovery. What is the minister doing in terms of developing an economic strategy and, as part of that, a labour-market strategy?

The minister knows very well that the former Premier had some excellent work done by various groups of people. The Premier's Council on technology—and I think the minister's own party was generally supportive of the work that was being done—did some excellent background work on the whole question of international competitiveness and skills development. They produced some excellent reports which seem to be sitting on the shelves and nothing seems to be happening. I find this very regrettable.

The development of a science and technology culture: What are the minister's plans in that regard? I appreciate what the minister said in his opening statement, but really he is making reference to somebody in Nepean. Of course, I appreciate that, since it is my own riding, but it is obviously very important what is happening to this particular individual. This is really anecdotal. I do not think we are going to turn around the whole province and the economy of this province by zeroing in on individual cases. I am looking, at least at the beginning of these estimates, for an overview, for some of the minister's philosophy, his intentions, his ideas, his main objectives during his term of office. If the minister in his response can address that in some way, I certainly would appreciate it.

I have some questions and I am not sure, Mr Chairman, to what extent they are in order. The ministry has undergone quite a significant change, a reorganization, and several programs that I think really are quite important, like Futures and youth employment initiatives and summer employment initiatives, have all been moved off to other ministries. In fact, this was done under our government. If it is in order, I would like to get some sense from the minister or the ministry officials how that shift has worked. I am a little concerned that in the shift some of these programs may have been shunted aside and are now in big ministries like the Ministry of Labour, the Ministry of Education, and some of these programs are getting lost. I personally regret that.

1620

If it is proper to ask about some of these programs that used to be part of the minister's responsibility but unfortunately are no longer, then I would appreciate hearing from the minister what his view is and whether perhaps he would rather have those programs back under his own wing, because he might be able to do more about them. He may wish to address that, if it is in order.

I would also like to leave some very specific questions with the minister on the public accounts document, because we will not be coming back to that and therefore I would like to leave them on the record. Again, I would like to have a detailed explanation from his officials. I am sure

they will be able to provide that. I am looking at the public accounts document for this year. First of all, it says that over \$900,000 was spent on temporary help services. I would like to know how that compares with previous years and whether we are in the same ballpark.

Then, under employee benefits, it lists under "other benefits" attendance gratuities of \$44,000. Quite frankly, I do not know what attendance gratuities are. Perhaps there are some very good reasons for them, but if it means what it seems to say on the face of it, I am not sure why there should be a gratuity for attendance. But there may be a good reason.

I also note under travelling expense—I do not know any of these gentlemen, so I do not want to be offensive in any way, but I would like to know why this is the case—a Mr A. Cupido is listed here as having travel expenses of \$17,836, which is quite a bit more than any of the other gentlemen. I would like to know what these travelling expenses were used for and what it was that he was doing on behalf of the ministry.

Then, under other payments, again in the public accounts—this is an expenditure that seems quite high—under Reff Inc is an expenditure of \$446,988. I would like to know what this was for.

Then, three related questions where the public accounts document speaks about the expenditures under the Ontario training agreement, apprenticeship training and training incentives. The figures for each college are listed. I note that the figures for la Cité collégiale are very low in each. I am just wondering, does that relate to the fact that it just opened up, or has the takeup been so low—does it relate to the francophone offerings? I note, for example, on apprenticeship training there is only an expenditure of \$2,370. Again, it may be because la Cité collégiale was just starting out, or are there any other reasons? I am very interested to know why these figures for la Cité collégiale are so low.

I am leaving these specific questions with the minister because I will not come back to this particular document, and I look forward to an answer. That can be provided in writing. I look forward to receiving that in due time.

I will leave it at this point. I have indicated the general direction which I am coming from. I have all kinds of questions with regard to the detailed programs and I would like to leave time for these detailed questions as we move through the estimates book.

**The Chair:** Attendance seems to be a recurring theme in these estimates.

Pauses never show up in Hansard unless I comment on them.

I would like to invite Mrs Marland now to comment.

**Mrs Marland:** Dianne Cunningham, the Progressive Conservative critic for Skills Development, is unable to join us today and has asked that I read her remarks into the record on her behalf. She will, however, attend the remaining hearings.

"Minister, you are well aware from our discussions and my questions to you in the Legislature that I strongly believe that Ontario must renew its commitment to basic education



and skills training or risk losing ground in an increasingly competitive global marketplace.

"Global competition, recessionary pressures and rapid technological change force us to constantly ask ourselves what we should be doing differently. As a nation, we have to pay more attention to increasing our skill levels. We must unify business, union, governments, educators and interest groups to provide an effective training program in Ontario.

"The Premier's Council released a report titled, *People and Skills in the New Global Economy*. It examined ways in which industry, educators, labour and government can work together to ensure that tomorrow's workforce is equipped with the skills they need to compete, to adapt and to enjoy meaningful working lives.

"Many companies who were interviewed for the survey by the Premier's Council found access to training opportunities limited and not well-suited to their needs. There are so many different programs, so many different entrance requirements and so few support systems that many applicants become discouraged. To put it bluntly, business and industry are disgusted that our education system and the colleges are not able to respond to the specific training needs that have been clearly articulated through industrial training advisory boards throughout our province.

"Ontario needs more technical teachers. School boards should establish community linkage committees with a mandate to review school programs for their relevance to the economic and social life of their communities. The apprenticeship system must be overhauled to encourage young people to pursue careers in the industrial trades, and women must be encouraged to participate in training programs.

"These are but a few of the recommendations that appeared in the Premier's Council's report and are also questions I have been asking the various ministers of Skills Development since being elected to Queen's Park in 1988. I will discuss these issues in greater detail once the question and answer period begins.

"Last week, the new Canada-Ontario labour force development agreement was signed. A consultation process will begin examining job training, research and development spending, foreign investment, the strength of the domestic economy and international trade.

"As I stated in the Legislature on Thursday, we are very encouraged by this joint agreement with the federal government. We will carefully monitor the progress of this consultation process to ensure all parties are involved and that dollars are being spent effectively so we can deliver our training programs efficiently.

"On October 24, the minister stated in response to my question that he will be releasing his consultation document on the Ontario Training and Adjustment Board in mid-November. I am curious about a number of issues surrounding this initiative. Were all community industrial training advisory committees, CITCs, involved in the consultation process? If the training boards are to oversee training, will there be a need for a Ministry of Skills Development to exist?

"I am in contact with the London Industrial Training Adjustment Board on a regular basis. They have a number of concerns which I hope to discuss in more detail tomorrow.

In conclusion, I welcome this opportunity to further discuss the mission of the Ministry of Skills Development. This was stated in the estimates summary.

"I think we all agree that our goal is to produce a skilled labour force that will allow our citizens to work and Ontario to compete in the global economy. To achieve this goal, Minister, it is imperative that businesses, industry, unions, schools and governments work closely together."

1630

Mr Chairman, since I have only used five minutes and I know we are entitled to half an hour, I would like to place on the record, on behalf of the critic, the member for London North, some questions. Hopefully, as the previous ministers have been doing in our estimates this year, we would have the written answers to these questions for the critic tomorrow. I am going to read them, because obviously they are not my questions and I cannot ad lib them.

"In general, the Agenda for People states, 'We propose that large employers either offer on-the-job training and upgrading opportunities or pay a training levy with joint employer-worker control of training programs.' The question is, will you be introducing a training payroll tax?"

Let me interject there: I would be happy to give you these rather than have your staff try to copy them down, because you will not get Hansard today, I know. So I will save you the trouble and just give you the sheet as soon as I have finished.

**Hon Mr Allen:** We appreciate that, Margaret.

**Mrs Marland:** "Statistics Canada reports that the private sector spends only half as much on training as United States firms. What new initiative will you be introducing to encourage the private sector to spend more on the training and retraining of their employees?"

"The Quebec budget introduced a plan designed to maintain 90% of the disposable income the worker had before starting training. When fully operational, \$100 million will be available annually under this program. Last year, Quebec brought in a refundable tax credit aimed at businesses which invest in staff training." I will give you a news clipping that is attached referring to that. The question is, "Has Ontario studied these training options, and if so would the minister table any cost-benefit analysis that his ministry has conducted on refundable tax credits and income maintenance schemes?"

Under vote 3602-02, Ontario Training Corp: "The Ontario Training Corp was established in April 1988 as a provincial crown corporation. Its mandate is to stimulate workplace training in Ontario through co-venture investment in new training products and technologies and to provide a database of training programs and professional development for trainers. The SkillsLink database provides information about training programs offered in Ontario. Subscribers can access the database via a modem.

"The Ontario Training Corp's Strategic Plan for 1990-93, approved in November 1988"—when you and I were sitting on the same side of the House, Minister—"indicated the OTC would generate sufficient revenue to at least cover all of its operational and administrative costs by the end of fiscal 1992-93. The annual report dated March 1990

indicates that OTC had revenues of \$207,000 and operating expenses of \$4,226,000, for a shortfall of \$4,019,000. Given the size of this deficit, will the OTC meet its 1992-93 revenue goal? If not, has a new strategic plan been drafted?

"What were the revenue and operating expense figures for 1990-91? What are the projected figures for 1991-92?"

"The SkillsLink database had a total operating cost of \$1.9 million and revenue of \$106,000 in 1990-91. Given the shortfall is \$1.8 million, is the government satisfied with this program?"

"What are the projected operating cost and revenue figures for the SkillsLink database for 1991-92?"

On vote 3606-02, apprenticeship training: "In-school training for apprentices, \$21.9 million; laid-off apprentice initiative, \$5,712,000.

"Canada graduates 24,000 apprentices a year, compared to Germany, which graduates 600,000. The German labour force is about twice the size of Canada's, which means a proportional figure would be 300,000.

"The Premier's Council in People and Skills in the New Global Economy labelled our apprenticeship system antiquated and ineffective. The report called on the government to revamp the system by updating the Apprenticeship and Tradesmen's Qualification Act to decrease the length of apprenticeship training periods and increase remuneration, by removing institutional and cultural barriers that discourage women, disabled persons and racial minorities from entering apprenticeships and by making the curriculum compatible with state-of-the-art changes in technology."

These are the questions:

"Why is the administrative portion of the \$52.6 million apprenticeship budget \$16.1 million or 30.6%?"

"The federal government put an additional \$383 million into training under the Canada-Ontario labour force agreement. How much of this additional money will be allocated to apprenticeship programs? How many more apprentices will be trained?"

"The October 19, 1991, the Toronto Star quoted Premier Rae as stating, 'Once the Ontario Training and Adjustment Board is established, one of its first tasks will be to advise on reforms to the apprenticeship system.' How long will it take for OTAB to revamp apprenticeship training?"

1640

On vote 3602-02, employer and community support: "The employer and community support program includes: Ontario skills development offices, \$18,800,000; community industrial training committees, \$3,249,600; women's access to apprenticeship, \$1,062,000.

"The community colleges operate 49 Ontario skills development offices under contract with the Ministry of Skills Development. The offices provide consulting services to employers, unions and sectoral associations to help them identify training needs and implement training strategies.

"Community industrial training committees (CITCs) are voluntary, community-based organizations that provide a forum for employers and labour unions to identify and address local training needs. There are 57 CITCs across the province.

"The women's access to apprenticeship program is designed to increase the number of women entering apprentice-

ships in non-traditional, skilled occupations. The 30 projects are being realigned: 25 will be delivered by community sponsors and five will be delivered directly by the ministry."

The questions, Minister, are as follows:

"The Ontario skills development offices (OSDO) have been allocated \$18.8 million for 1991-92, an increase of \$1.2 million or 6.8%. The explanatory notes indicate that the increase is due to the cost escalation. Would the minister please provide a fuller explanation of this increase?"

"The graph on page 35 indicates that the OSDO will serve 11,500 employers in 1991-92, compared to 11,611 in 1990-91. Why will 111 fewer employers be served by the OSDO when the budget has been increased by \$1.2 million?"

"In 1990-91 the OSDO fee structure was modified for first-time clients: All firms with one to 10 employees are exempt, firms with 11 to 49 employees may pay the fee at the discretion of the colleges, and firms with 50 employees or more pay the \$250 consulting fee. How much revenue was generated from firms with 11 to 49 employees and firms with 50 or more employees?"

"Your October 24, 1991 statement on the new Canada-Ontario labour force development agreement indicated that new local training and adjustment boards will be created. Will the LTABs replace the CITCs? Will existing CITC members be invited to sit on the new boards?"

"The community industrial training committees (CITCs) budget increased by \$189,600, while the number of committees remains the same. Would the minister explain the increase?"

"The initiatives notation on page 37 states that the ministry will introduce new budget and audit guidelines to provide greater accountability for the CITCs. Would the minister comment on any action he has undertaken to implement this proposal?"

"In response to a June 27, 1991 order paper question that I submitted, you indicated that there were 28,012 male students participating in apprenticeship programs delivered by community colleges in 1988-89, compared to only 1,030 female students. In the interim, the women's access to apprenticeship program has been launched to redress this imbalance. In order to assess the effectiveness of this program, could the minister please give us his most recent data on the number of male and female apprentices in the province?"

"The Liberals stated that they intended to raise the number of female apprentices from 2,000 to 5,000. Does your government support this goal or have you developed a revised number? If so, what is a reasonable target for the number of female apprentices and when will we reach the new target?"

"Would the minister provide a breakdown of the specific trades in which female apprentices are engaged?"

"How much was spent on advertisement designed to encourage women to enter apprenticeships in 1990-91? What is the projected advertising budget for 1991-92?"

Do I still have some time?

On vote 3601, administration: "The Ministry of Skills Development was created in 1985 by Premier Frank Miller to consolidate skills training from 12 ministries and agencies and to respond more effectively to labour market adjustment.



"Effective April 1, 1990, the ministry was relieved of a number of its programs. These programs were divided among six different ministries: Labour—Transitions, help centres, labour market research; Education—Futures, youth employment counselling centres/services, literacy, high school apprenticeships; Industry, Trade and Technology—startup loan programs for young entrepreneurs; Northern Development—Ontario summer employment program; Environment—Environmental Youth Corps; and Human Resources Secretariat—summer experience.

"The ministry is now only responsible for workplace training, such as apprenticeships, trades updating, skills upgrading for technicians and technologists and training consultation services.

"In 1991-92 the ministry has a budget of \$263.7 million, up from \$243.2 million last year."

"Questions: "The footnote on page 8 indicates that \$55,000 has been added to the minister's staffing envelope because of the dual portfolio. Would the minister explain why he needed additional staff and indicate how many new positions were created?

"The estimates book does not detail the staffing complements for any of its programs. Could the minister provide a staff breakdown for each program and administrative division for 1990-91 and 1991-92?

"The footnote on page 10 indicates that \$215,400 will be spent in 1991-92 on the ministry reorganization which divested a number of programs to other ministries. What was the total cost of the reorganization?

"The supplies and equipment budget of the finance and administrative services section (vote 3601-02) has increased by \$244,900 or 110%. Could the minister explain the increase?

"How much has the ministry spent on the implementation of pay equity to date?

"Public accounts lists the names and amounts spent on consultants and suppliers for 1990-91. Would the minister specify what each consultant was hired to do?"

There is a list of consultants: "ARA Consultants Ltd., \$59,668; Amtra, \$67,193; Avant Litho Graphics, \$75,770; Beinhaker, Irwin and Associates, \$60,250; Ekos Research Associates, \$121,838; Granx Inc, \$71,839; Image Studio, \$82,952." That is not your image, Minister, is it?

1650

**Mr Daigeler:** Let's hope so.

**Mrs Marland:** I do not think they need to spend \$82,000 on your image. "Moore Lithographics Inc, \$66,823; Levy-Coughlin Partnership, \$52,595; Lowe-Martin Co Inc, \$53,590; Noble Scott Co, \$50,781; Polaris Consulting Services, \$146,897; Reff Inc, \$446,988; Synon Inc, \$85,791; W. S. Kubiski and Associates, \$69,815." How much time do I have left?

**The Chair:** About two and a half minutes.

**Mrs Marland:** This comes under training incentives:

"How many companies applied for financial assistance under the Ontario skills program in 1990-91?

"Why has the trades updating budget decreased from \$4.15 million in 1990-91 to \$3.15 million in 1991-92?

"Why will 3,500 fewer employees receive training under the trades updating program in 1991-92?

"If the international marketing interns program was a good idea in 1981, one would expect that with increasing global competition it would be a better idea in 1991. What was the rationale for the termination of this program?

"The training trust fund budget has not increased from the 1990-91 level. Given the fact that 25 funds were established last year, why do the estimates only project the creation of 20 trust funds in 1991-92?

"How many of the trust funds that have reached their full provincial contribution have stopped initiating training programs?

"In response to an order paper question you indicated that the number of newly registered apprentices is down due to the recession. For this reason, the estimates project that 1,407 fewer apprentices will be assisted by this apprentice tool fund program. Could the minister explain why the budget has remained at the 1990-91 level, when fewer clients will be served?

"Why has the technicians and technologists updating budget increased from \$3 million in 1990-91 to \$5 million in 1991-92?

"How many technicians and technologists enrolled in courses in 1990-91? How many are projected to enrol in 1991-92?

"The minister announced traineeships in the plastic sector in February 1991. Have you negotiated any additional sectoral agreements?

"How much will the federal government be contributing to this program?"

**The Chair:** That is a heck of a note to finish on, Mrs Marland. Perhaps you might table the balance of those, which will be deemed to have been read into Hansard and will form part of the responses the ministry has agreed to prepare for you.

**Mrs Marland:** Okay. Thank you, Minister, for your indulgence of my sight reading along with the typos.

**Mr Perruzza:** I do not understand you. Will they show up in Hansard as if they had been read into Hansard?

**The Chair:** No.

**Mr Perruzza:** Okay, fine.

**Mrs Marland:** Just to be clear, in fairness, I am giving copies of only the questions I have read today.

**The Chair:** Fine. What I take from that is that you will have opportunities to read in other questions before our seven and a half hours have expired. Minister, I now ask you for your summary response.

**Hon Mr Allen:** I appreciate the comments and questions of both of the critics of the opposition parties. It is quite evident that all of us in this House, not least of all themselves, are deeply concerned as individuals about the question of the state of our economy, the issues of global competitiveness that challenge us and the role and place of training in Ontario in that context. So I am delighted to hear their comments and also to have their questions.

The ones that are more detailed and have been read into the record will of course be responded to by staff in

written form. There is a lot of detail in some of those requests that we will want to get back to you on. Mrs Cunningham has been very assiduous in plying me with questions on the Orders and Notices paper in the course of the year and the recital of a series of questions this afternoon by Mrs Marland was not unexpected. I look forward to the more detailed questions Mr Daigeler will be submitting to us.

Let me respond, however, to some of the more global and a few of the detailed comments, remarks and questions they have made. The critic for the official opposition indicated that he was looking for some global direction from this government with respect to training for the future. I am happy to oblige him. In the first instance, making a global statement means recognizing a problem. I think all of us recognize a major problem at two levels. One is in terms of the training that exists in the private sector. Roughly speaking—the figures are sometimes contested by one industry sector or another—an average of about eight hours per year per worker is the record of the private sector in training commitment. That is not a record this country can be proud of. More, it is not a record that we can live with and still be a globally competitive economy or satisfy the needs of our working people for jobs and for satisfying and productive work in the other.

On the government side, training in Canada and Ontario has in fact been very much a piecemeal response to a series of selected and piecemeal problems. Until very recently there has not been at any government level any major undertaking to respond in an integrated way with fully fleshed-out, integrated and broadly conceived training strategies. I do not mind giving some credit to the previous government, the Premier's Council in particular, and the creative work it did in trying to remedy that fact; but that was, certainly in terms of the history of this issue, a belated undertaking. Those observations about the piecemeal nature of training in this country as fostered by the public sector were certainly made many times in the previous decade and not fully responded to.

1700

One remembers studies like *Living and Learning*, on paid educational leave programs and strategies, the Dodge report and others which tackled the issue but found no substantial response from any level of government. I am quite happy to say that this government is certainly moving in a comprehensive way in tackling the problem.

I think that should be quite evident in two respects. One is in terms of the scale of the initiative we are carrying forward with respect to the Ontario Training and Adjustment Board. That is a major and massive reorganization of training and training responsibilities in Ontario. When this project is done we are going into consultation. There will be lots of feedback from all the stakeholders as we go through that consultation, but there is a preferred model and the government is interested in getting on with some variant, at least, of the preferred model.

At the end of the day what will exist in this province will be unparalleled certainly in Canada, probably I think in North America, and will be a training structure which will be the equivalent, in terms of its comprehensiveness

and force, of anything that exists anywhere. We have researched this proposal very carefully. We have drawn on the best wisdom of countries like Sweden, Great Britain, Holland, Germany and others and looked at the models that exist there. We are trying to put together the best features of what we find there and to adapt them to our own peculiar economy and to our own particular circumstances and culture. I think the result, which I am looking forward to, is going to be very exciting for this country. There is a direction, there is a comprehensiveness to the strategy and it is certainly fundamental.

There was a question about how one proposes to involve the private sector in this undertaking. The whole undertaking is a way of involving the private sector in the form of business itself, working people, community organizations and trainers in this structure. That signals another major strategy of this government and that is moving towards a more co-determined economy. If I can use the words of the Organization for Economic Co-operation and Development, what we are looking for in Ontario is an active society, a people that is well trained and educated in every respect so that everyone's capacities are available to the social, economic and cultural life of this province. The only way we can do that is to pull everybody's shoulders together and get them pushing on the wheel of training.

We have seen in the health and safety sector, for example, that we have moved in the direction of co-determined health and safety structures in the province. We are moving into co-determined structures in training. We have begun that work already in the ministry with the training trusteeships and traineeships we have established, which draw together labour and management around the training agenda. The whole thrust in training is in that context of moving towards a more co-determined economy in Ontario.

In another sense, the initiatives we are undertaking are very global. They reflect, for example, the initiatives we have taken, which were in the original report of the Premier's Council, around fostering workers' ownership as another way of drawing on resources of working people so that they may more creatively participate in the economy and assume their own role in its overall direction, impetus and motivation.

With respect to the recent Canada-Ontario labour force development agreement, I want to underline for Mr Daigeler what this agreement is and what it is not. This was an agreement with respect to how federal dollars that would be expended in the training arena would be expended in Ontario; under what terms, in what ways, for what groups, in what structures and so on. It was not an agreement to lay out a whole series of specific program initiatives.

When we were asked by the federal government, for the first time in this kind of an agreement, to signal how much money we were going to be putting into the training agreement in this year, 1991-92, the only amount that was available to us in any realistic, clear and honest budgetary terms was what is being spent and targeted for expenditure for this current budget year. It was not intended to be a list of new initiatives for a coming budget or a future scenario for training initiatives. It was purely and simply a request



to put in a figure that realistically represented what Ontario would be doing in training this year, as budgeted.

Let us put aside any sense that this was an opportunity to field a whole series of new initiative projects in the training world. It was not. Those will come. Some of the expanding programs have been noted in the document that sits before us and they are fairly evident. But there will be new initiatives, and not the least of course, the whole Ontario Training and Adjustment Board that I have referred to.

I note that you suggest you do not expect me to lay all my cards on the table. I want to remind you that I did invite you to come and visit with me and talk in a little more detail than we have been able to do in the House about what is going on. The critic for the Conservative Party did take up my invitation. It is a standing one, and I would be happy to talk with you at any time and open that up, but I am quite equally prepared to be very frank with you here in the course of these next meetings.

The question as to this shift of responsibilities to other ministries is an intriguing question. I do not know whether there is an opportunity to call members of other ministries, ministers, deputies or staff from other ministries to respond to that. It is not entirely our responsibility, but perhaps some of my staff have a sense of how that transfer has worked out and they might be willing to talk to you about it. I have not had responsibility for them, and while I have had some contact with them in the context of the Ontario Training and Adjustment Board project, which will draw some of those programs under the OTAB umbrella, I have not got a thorough read personally as to how they have worked out.

Do I want them back? Of course what is happening is that the Ontario Training and Adjustment Board project is going to be the comprehensive umbrella which will pull them all together and knit them into a much more satisfactory training initiative in Ontario. So that question really is not a useful one to answer.

With regard to la Cité collégiale apprenticeship question, part of the answer to what seemed to be the small dollar allocations is indeed that la Cité collégiale is new, but it is also that there has not historically been a lot of work done on apprenticeships for the French community. We have been engaged in the translation and development of new training modules and regulations for apprenticeship in French and we are moving ahead with that initiative. I think there are, under la Cité collégiale and the two satellite campuses, something like eight or nine apprenticeship offerings, but the number that are fully available in the French language for francophones is quite limited. That is an undertaking that has to advance under the apprenticeship reforms.

1710

With respect to the questions raised and the comments made on behalf of the critic for the third party by Mrs Marland, again, you and the critic clearly recognize the issue around the problem of training structures in Ontario as they have been, and the critical need to advance the agenda with as much speed as we possibly can.

It is true that the business and industrial community, in the words of Ms Cunningham, is unhappy with what they

see as the inability of our education system to respond to the economic challenge. I note in passing that we educate a higher percentage of our population to the post-secondary level in Ontario than possibly any other administration anywhere. Certainly our figures are comparable with American averages, and Canadian and American averages through to the end of post-secondary are well in advance of any other country.

There is, in fact, a major contribution that the education system makes to the skills bank that is necessary for launching a highly competitive economy, and there are some very competitive elements of economic structure even as it is. The problem that is noted by, for example, OECD with regard to Canada's ranking among industrialized countries is specifically in the area of training. In that respect the great failure has been the failure of the private sector. What is needed is a major reassertion of private and public sector initiatives in order to respond to our ranking, which is really, frankly, about 22nd out of 22, if I remember the figures, in terms of our training initiatives and our competitive factor.

We badly need to pull both sides together and both of us need to pull up our socks. Certainly as far as this government is concerned it is working very hard at doing that.

The question of pulling in private sector dollars is an important one. The Agenda for People does make some reference to questions of training, payroll taxes and so on. In the first place, we are certainly engendering more private sector contribution every time we get into a new traineeship or a trust fund arrangement. We are bringing private sector industries into arrangements which will entail further down-the-road dollar commitments by them. That will mean there will be greater dollars dispensed in training.

However, with respect to the Ontario Training and Adjustment Board project we have left the question of payroll taxes and so on to one side. We signalled very strongly to the private sector that we expect a greater contribution to training, a very substantial contribution. What we want them to do is take the responsibility, in the first instance, for telling us how they propose to do that through the OTAB and the programs that will flow out of OTAB.

If the day comes when they have not taken up that challenge, then we will have to look at other measures and take initiatives of our own of a kind that is in the Agenda for People. But we feel that as they engage themselves in the Ontario Training and Adjustment Board and in the local board projects, they will want to devote more and more dollars to the training agenda. As I say, if they do not, then the government certainly stands ready to introduce measures to make that happen.

I will leave most of your individual questions that follow to the staff to reply to. For example, the Quebec proposal on the refundable credit and income maintenance scheme is an interesting scheme and I too would like to see some recent update on how that is functioning.

As for the Ontario Training Corp and SkillsLink, let's remember that this SkillsLink database is only about 18 months old. The number of clients has multiplied rapidly over last year's number and is growing quickly. It is something that certainly the whole nation has got its eye on.

SkillsLink, through the Ontario Training Corp, has been involved with the interprovincial and federal initiatives that are looking at the possibility of creating a national database of a similar kind, so however much it does or does not return on its original projections of cost recovery, it is making a major contribution to the database information techniques available for accessing training programs that exist across the face of the public and private sectors.

With regard to apprenticeship and Canadian-German comparisons, I will only say that, yes, we pale by comparison. But at the same time one has to recognize that while we have something in the upper 50s or lower 60s in terms of regulated trades in the country, the Germans I believe have something in the order of five or six times that. So you are naturally going to get more apprenticeships in a training system that devotes more of its training investment to the apprenticeship mode.

I certainly intend, as we develop more powerful apprenticeship reform initiatives, to move in a whole series of new trades in Ontario that are apprenticeable so that we can expand our numbers too. But with a smaller number of apprenticeships in the first instance, it is difficult to make a proper comparison in terms of a broad population base and have it be realistic.

Why does 36% of the apprenticeship budget go to administration? We do not deliver apprenticeships in the sense that we cover all the costs of a whole program delivery which takes place in the private sector largely. Much of our activity around apprenticeship is very much administrative activity. It has to do with all the certification, registration, fielding and so on of the program. It is inevitable that the administration proportions are going to be fairly high.

How much of the Canada-Ontario labour force development project agreement will go to apprenticeship? In the first instance, it will be the \$40 million in the agreement plus whatever amount we are able to deploy on access programs for those who are not in apprenticeship, the equity groups, plus the provincial figure, which takes you up to \$50-some million.

As I have indicated on two or three occasions, we are working very hard on an apprenticeship reform package right now to move the whole front of apprenticeship forward, and that will inevitably involve further resources.

Ontario skills development offices, community industrial training committees, women's demonstration projects: Why is there an OSDO increase when at the same time there are fewer employers? What we are doing in the OSDO program is attempting to enrich the consultancy so that we spend somewhat more time than we have in the past with our clients. They will get a richer fare from us. We concluded that the consulting arrangement in the past was somewhat on the lean side. By enriching the consultancy, the number of employers is somewhat depressed even with a slightly expanded budget.

Those figures are of course somewhat related to the economy where there are fewer employers active at the present time, and that would have a depressing effect on the numbers.

1720

Why is there an increase in the CITC budget? Quite simply because there has been more activity in the CITC front and their administrative needs have expanded. Some of them have, in the past, been almost flimsy structures, although there are some very impressive ones out there, like in Hamilton, my own community. There is a very impressive skills network there under their equivalent of the CITC, but many in the past have been just developing and growing, and as they have grown, of course, there has been a need to expand the budget to facilitate their activities.

Female apprentices: Do we expect to revise the target of reaching 5,000 by 1993? This is one of those very difficult ones. Three years of history—

**Mrs Marland:** I should explain why I am smiling. In fairness, Minister, I am not smiling because of the subject matter which you are on now; I am sitting here thinking that you are the first minister I have ever seen at estimates who had all the answers. It is impressive.

**Mr Daigeler:** Some of them.

**The Chair:** And he has not even finished yet.

**Mrs Marland:** It is impressive. Normally the staff are passing the answers over. I am wondering at this point if you are reading from your notes. Oh, you are reading straight from the questions.

**The Chair:** The notes. He took notes.

**Mrs Marland:** I am impressed, I must say.

**Hon Mr Allen:** The women's apprenticeship issue is a very difficult one, and it has not been for want of trying, either under the Liberal government or ourselves, that it has been very difficult to move in a very rapid fashion. The fact that it has moved as much as it has is significant. To say now whether one could accomplish more than 5,000 as of a given date is not an easy projection to make. We have obviously thrown new resources into the battle. We have added a whole \$1 million to the search for equity group apprenticeship options to facilitate their moving into the preliminary skills capacity that would enable them to get into the employment capacity where they could be in apprenticeship.

We have had to do an immense amount of networking out in the communities, talking to all sorts of community groups on a proactive basis, trying to get them to find people who will come into the program. It has been an extremely active program, and yet it still has not generated that rolling response that you would like. I do not know whether there is a qualitative takeoff point at some point along the way where suddenly this will grow on itself, but at the moment there is not quite enough of a base or a momentum there to carry it on its own. A lot of spadework has to be done in moving this one forward.

The cost of a budget increase for my staff for two portfolios: When a minister has two portfolios he is allotted more staff and related costs, thus the \$55,000 you are talking about. Otherwise, the total cost of reorganization I do not have and I think we will go and do a bit of work on that. If the deputy can handle that one, that probably brings us pretty close to the end of your questions, and we can get into some more free-for-all if you like after that.



**Mr Sosa:** I guess the only questions the minister cannot answer are those which took place before he became minister.

The divestment did not cost us anything except time. The budget of the Ministry of Skills Development was approximately \$450 million, and the staffing at that point was about 620 as a complement. It was a matter of negotiating and reallocating positions and budgets to the various ministries.

We have reduced the budget in the Ministry of Skills Development from \$450 million to what you now see in the estimates of \$263 million, and the staffing complement from 620 to 465. The branch-by-branch details of the staffing complement as requested by the first speaker, we will provide you with the details of that.

The actual divestment cost time, negotiation and some effort to do it well, but it did not cost money.

**The Chair:** If that concludes the minister's responses and the deputy's response, then I am in the hands of the committee and I am guided by your direction. Do you wish to do time allocation and rotation, or do you wish to not literally take the minister at his word for a free-for-all with questions? I sense that most of the ministers who are coming before us would like a more open dialogue, but if you wish to have a time allocation, I am in your hands.

**Mr Daigeler:** I think we will follow the previous procedure. It does work well.

**Mrs Marland:** The minister has had half an hour for opening and half an hour for responding, right?

**The Chair:** He did not quite use his full half hour in his opening.

**Mrs Marland:** Since the critic is not here from our caucus, I was going to suggest that we skip this caucus and come back to it first tomorrow. Start with Mr Daigeler and then go to the government members, or Mr Daigeler go for half an hour, whatever.

**The Chair:** The suggestion is, given that the critic for the third party will be here tomorrow, if Mr Daigeler wished to take a full half hour as his first allocation or if he wanted to divide with the government party, then we will recognize—

**Mr Daigeler:** If the government party wants to take the 15 minutes today, that is fine. I can go for half an hour as well; I am flexible on that.

**Mr Johnson:** Why do we not do 15 minutes?

**Mr Daigeler:** Okay, I will go first for 15 minutes, and then it will be the Tories' turn first thing tomorrow.

**Mr Johnson:** The Chair will keep a record.

**The Chair:** That is what I want to put on the record clearly, because I have just been advised that I have to be, for family reasons, at the hospital all day tomorrow. I will not be chairing tomorrow, so I would like to suggest that we will start with the Liberals, a 15-minute allocation. We will then move to the government. Then the first item of business will be to recognize the third party. Then we will revert back to the normal rotation and begin with the Liberal Party, Conservative Party, then the governing party. That

sequencing is understood, and I will rest assured that there will be no problems in my absence.

**Mrs Marland:** Not with the excellent person who will be in the chair.

**The Chair:** That is a confirmation that Mrs Marland will be able to chair tomorrow, and I thank her. Mr Daigeler, please proceed.

**Mr Daigeler:** I must say, Mr Chairman, I am a little more sceptical. I am getting all kinds of promises and intentions for the future, including some from Mrs Marland, but I am prepared to be surprised. I am also prepared to be surprised and receive some good news from the minister.

I was surprised last week when I heard the official critic for the third party being highly congratulatory of the minister, and again Mrs Marland today, with some reason, certainly. I think the knowledge the minister had of his ministry was impressive. I was surprised, though, to see the Tories and the socialists in some sort of love-in. I did not know what was going on here.

**Mrs Marland:** It is only this minister.

**Mr Daigeler:** Mrs Cunningham was very congratulatory last week, but of course it was the federal government that was making an announcement, and I see some affinity there. But I guess it helps having been the Skills Development critic before you become the minister, so you are a little bit familiar with what the ministry is actually about.

Minister, I must say I liked your ad lib comments quite a bit more than your prepared text, because you did respond to some of my questions about your overall approach to your ministry. All I can say is, I will be getting myself a copy of the Hansard. There were some very nice words in there and some very demanding words. You were talking about unparalleled initiatives that would—and I did not quite write that down, but I think the sense was that—in an international comparison stand up very well, and maybe even be tops.

1730

I am prepared to be surprised, because certainly there is a need for it. If you can pull that off, so much the better for you. Quite frankly, on the basis of your record so far you will forgive me if I am a little bit sceptical, because I started asking questions about skills training as early as last year around this time and at that time you said: "Gee, give me a break. I've been in this office only for some six weeks and you're already hammering me for action." While there may have been some justification about a year ago, I still have not heard very much from you other than to say, "Oh, yes, we're going to come forward with these grand initiatives and unparalleled, comprehensive global strategies." So far I have not seen them, but I will wait. Mind you, I am getting more impatient as time goes on. You will appreciate that it is my role to be impatient as the opposition critic. I will certainly push you on that.

What I have heard in terms of your overall direction I think is a good one. I certainly agree with you and I have pushed the Minister of Labour towards that. I think you were even more direct than the Minister of Labour on that whole question of co-determination. Actually in English I think it does not sound as good.

**Hon Mr Allen:** In German it is *mitbestimmung*.

**Mr Daigeler:** *Mitbestimmung*, yes. It is kind of a harsh thing. In fact I had asked the Minister of Labour during the estimates what is happening here, because I mentioned it for the Minister of Labour and for your benefit I will mention it again: I was studying in the early 1970s at Carleton University with Angus Reid. He was doing his PhD there. Of course I had no idea what was going to become of him in those days. I asked him, because I had just come over from Europe, what was happening on this question of *mitbestimmung* or co-determination, because in those days it was the issue. Certainly in Germany and Europe in the late 1960s and the early 1970s, that was the central labour market industrial strategy question. There were big fights on between the unions and the employers. The solution was that there were very major shifts towards co-determination. I think that was definitely for the benefit of industry.

Some 20 years later I certainly like you using these words, because I think it is very important. I think it is acknowledged by our party and by the federal Conservatives that a new arrangement between labour and business is very much needed in this province. I certainly will encourage you to move forward on that front. Whatever you can do in that area I think will be very helpful. I think you have touched on the right words. I will be looking for the action.

So much for further statements. I think we want to get back now to the detailed questions. You mentioned la Cité collégiale, that there has not been very much in terms of apprenticeship training in French. That is true still. I am really struck—and perhaps you can, through your officials, provide some information on that—when I look at, for example, George Brown College, the figures are just so disparate. George Brown College has \$4 million of spending on apprenticeship training, Humber College \$1 million and then la Cité collégiale \$2,300. The relationship is just so open.

It is the same thing on the Canada-Ontario agreement on training. For most of the other colleges it is in the millions of dollars and here we have la Cité collégiale, \$588,000. It is the same thing on training incentives. I look at Humber College, just the one that is listed before la Cité collégiale, and it spells out \$1,633,000 and la Cité collégiale \$50,000.

I am just wondering, why is there such a tremendous difference in terms of your stated priority of increased support for underserved groups and underprivileged groups? I think you are always including the francophones in that area. I would like to have perhaps a more detailed explanation. I do not know whether your officials can do that right now.

**Hon Mr Allen:** I think we can. I will start off and then pass over to the deputy and any other staff who have relevant figures here. I think you have to recall that in comparing the institutions, you are in the first instance comparing what is a relatively small college of about 2,300 students with George Brown or Humber with many thousands more students. They are much bigger enterprises, they are long-established and they are very big on apprenticeship. So the comparisons are going to be dramatic in the first instance.

Second, you have an institution that has just completed its first year as an institution and did not begin the year with a full set of apprenticeship programs in hand and under way. They had to be implemented in the course of that year in so far as they were able. So all those are problems.

**Mr Daigeler:** I appreciate that explanation. Do we see a change there now? For example, is la Cité collégiale now coming with requests? Is it moving towards a level playing field?

**Hon Mr Allen:** Let me hand you over to the staff to give you an idea of just what the growth has been in terms of initiatives and what it is in an ongoing way.

**Mr Sosa:** I will speak about the apprenticeship to give you an idea and then I will hand over to the assistant deputy minister. Its business was originally with undergraduate students, so it was after a period of time that it got into apprenticeship. We seconded from the apprenticeship office of the Ministry of Skills Development on a full-time basis one of our individuals who specialized in apprenticeship to enable them to start the development and the building of the apprenticeship program. So what you will find after one year of having had that resource is a significant development in the apprenticeship program itself.

I will ask the ADM to speak about the development in some of the other areas associated with Skills Development, like the consultant service of the Ontario skills.

**Mr Horswill:** I think maybe during the estimates Helmut Zisser, director of apprenticeship, could assist with some details on that question. With regard to la Cité, I want to emphasize that 1990-91 would have captured just the early entrance into the college. What I emphasize on behalf of Skills Development, in developing budgets for la Cité from our programs, that is, for the Ontario skills development offices' consulting service, the Ontario skills' incentives and apprenticeship seat purchases, we looked at the very modest program outcomes of the francophone client base of the ministry in eastern Ontario and contributed more. We see la Cité as a developmental exercise and we are looking to provide resources for them obviously to do a better job with that community than programs the college has had in the past.

**Mr Daigeler:** That is precisely what I was hoping to hear, because I think it is acknowledged, probably by the francophones themselves, that this is an area they need to be more active in. I think if your ministry can be of assistance in that, that is great.

**Mr Sosa:** The other colleges have been going since 1966, so therefore we had to give an extra infusion of help in order to assist them to grow.

**Mr Daigeler:** Okay. I think I am now ready to move into the actual estimates book. As I have indicated earlier, I think in the way it is arranged it is helpful in terms of asking the questions, although I forgot what other question I wanted to ask about ministry reorganization. My question about how it has worked I guess is a touchy question to ask a ministry bureaucrat, whether the various programs are being looked at as efficiently and with equal fervour by the other ministries, but I will venture it anyway.



I am asking this question not out of interest that your ministry should have kept them; I think that is secondary. I am concerned that some very important programs like Futures, Transitions, the help centres, youth employment summer programs—again, on youth employment we heard nothing over the summer. I am afraid that perhaps by shifting them out of Skills Development they have become lost in the shuffle. I guess it is a bit of a political question, so I will let the minister decide how he wishes to answer that.

1740

**Hon Mr Allen:** I think it is very difficult for us as a ministry to make a judgement on how another ministry is performing its duties. I would only say that I do know that in those ministries, these transfers were not simply accepted in a casual way: Here they are, and let's keep on with our regular business. I do know that, for example, those that were transferred to Education were matters very much of deep interest to the immediate past minister, Marion Boyd, who was keenly interested in seeing them thrive. Similarly, the help centres in Labour—a very appropriate place for them to be lodged. As a minister, one always likes to sort of gather all the chickens together and have them in the same chicken coop, but you can only be so territorial about these things. Some of them are now in fact in appropriate places, and my sense is that they are being pursued vigorously and the agendas are developing.

I repeat the previous comment that I made, which is that, globally, the objective is that these will be brought together in a much more integrated fashion under the Ontario Training and Adjustment Board than they have ever been in the past, under past governments.

**Mr Daigeler:** I guess that is probably as far as we can go on this, so I will leave it there.

With regard to page 8 in the estimates, the main office, ministry administration, when we look at salary and wages there, the 1989 actuals were \$557,000 but the estimates were \$892,000. In 1990-91 the actuals were again only \$578,000, but again the estimates for the next year are \$929,000. You are indicating a percentage change of only 4%, which is correct when you look at the estimates of 1990, but when you look at the actuals they were significantly lower. Why did the estimates in both years not follow the actuals much more closely?

**Hon Mr Allen:** You will have to recall that there was not a ministry office in the previous year. Minister Conway held three portfolios and they were all budgeted in another ministry, so Skills Development did not have a ministry that it was budgeting for. Therefore, this year's figures are dramatically different from last year's.

**Mr Daigeler:** I am not 100% certain that answers my question, because you are a double minister as well. Are there more people that you now have? Perhaps you can provide that breakdown. I mean, you have two portfolios. The previous minister had three portfolios.

**Hon Mr Allen:** That is not the main point, the two or the three. The point is where the money was expended previously and where it is expended now for the minister's staff, the minister's office.

The previous minister had his staff budgeted through the Ministry of Education, so if you want to look for the comparable dollars—

**Mr Daigeler:** Skills?

**Hon Mr Allen:** Yes. You have to look for those dollars in the Education budget. The dollars for Skills Development now are not in Education; they are now under Skills Development itself. I would also say that the Ministry of Skills Development carries the Ministry of Colleges and Universities as far as the minister's staff is concerned, so all that is now in the Skills budget. It is a straight matter of transfer from one ministry's budget to another. It is not a matter of growth or decline. Those questions are not relevant to that particular item in the estimates.

**Mr Daigeler:** I still would like to know precisely which positions on your staff are working for Skills Development and which ones are working for Colleges and Universities. Who is assigned to Skills Development and who is assigned to Colleges and Universities, if you can provide that breakdown?

**Hon Mr Allen:** I have, like other ministers, depending upon whether it is a high-priority ministry, low-priority ministry, middle priority, got somewhere between 12 and 13 staff. In my case I happen to have extra staff because I have the two ministries. But the way they are divided, of course, is in terms of their particular responsibilities. One of those people is a policy adviser for Skills Development, so that position is totally focused on this ministry.

**Mr Daigeler:** So there is only one person?

**Hon Mr Allen:** But the rest of my staff all do both Skills Development and Ministry of Colleges and Universities activities depending on who needs support in what way at what time.

**The Chair:** Mr Daigeler, to be helpful, given that your time in this segment has expired, perhaps you could clarify the nature of your request. It is not uncommon to ask for the specific names and job descriptions of the individuals the minister has requested.

**Mr Daigeler:** The minister has just indicated he has only one person who is specifically assigned to Skills Development. Is that correct?

**Hon Mr Allen:** If I could just complete the answer, Mr Chair, just so it is clear. I also have only one policy adviser, as far as advisers go, with respect to the Ministry of Colleges and Universities. But I have a communications person who serves both of them, and so on.

**Mr Daigeler:** I think the chairman is probably right. If you can provide that in writing, that would probably be most helpful.

**Hon Mr Allen:** Yes.

**Mrs Marland:** On a matter of procedure: I reconfirm my request from the beginning to have any written questions that the minister did not answer ready for the critic tomorrow, if possible.

**Hon Mr Allen:** We will do our best.

**The Chair:** In fairness, the staff will do their best. There is an extensive list of questions.

**Mrs Marland:** I do not expect them all.

**The Chair:** And we will be reconvening not only tomorrow, but again next Tuesday, so there will be ample opportunity to get all the questions answered. Mr Johnson.

**Mr Daigeler:** It is also the practice that written submissions can be made after the sessions of the—

**Mr Johnson:** Do I have the floor?

**The Chair:** I appreciate your adding clarification, but I would still like to recognize Mr Johnson.

**Mr Johnson:** I would like to focus on apprenticeship reform. Often the focus of programs is with regard to the apprentice, and certainly that is important and it is something we want to do correctly, but the other party to the apprenticeship reform is most certainly the employer and in many instances this would be the business community. I was wondering if the promotion and marketing of apprenticeship is geared towards employers. Is this promotion as complete as it is for students? We promote students to become apprentices and we encourage them and there are changes forthcoming, but is the same offered towards business and is it as complete? I am curious to know. Can you elaborate on that for me, Mr Minister?

**Hon Mr Allen:** I would like to ask the staff to elaborate on all the promotion activity that takes place around apprenticeship, both at the student level and at the employer level, because I think that is a very important question. In general, in most communities apprenticeship is an extremely well-known training option, probably better known than any other, and the major employers in most communities who offer apprenticeships are also well known. Therefore, young people and others seeking employment and wishing training, more frequently than not, know where the best places in their community are to secure that option. But I would like to ask Helmut Zisser, who is the head of the apprenticeship branch in the ministry, to talk to the promotional question in general and possibly any further plans that he and the branch may be developing in order to enhance that activity.

**Mr Johnson:** I was just wondering what types of messages we are putting out presently to encourage employers to participate.

1750

**Mr Zisser:** Apprenticeship historically has been a very market-responsive type of program. The branch would register apprentices when an employer and an apprentice expressed a willingness and desire to enter into this form of arrangement. Certainly our industrial training consultants do, as part of their responsibilities, call on employers to determine whether they are interested in this. This is an area, however, that has been identified as being in need of more effort because it has not been at the heart of the work we have been doing. It is an area we have now recognized that needs enhancement and we are now in the process of reviewing what our training consultants are doing as part of their duties to free them to spend more time promoting the program to the employer community.

Another means by which we promote the apprenticeship program to the employer community is through the

advisory committees to the trades. Those advisory committees had basically become non-functioning during the early part of the 1980s, and we are just now in a process of reconstituting them. We have over the past 18 months reconstituted 20 of those committees. The committees consist of equal representation of workers and employers, and they are the forum in which we seek advice about the content of the trade and the standards, but we also challenge them to increase the participation of their member organizations in apprenticeship training. Increasingly we are also looking to involve community groups, employer associations and others in the area of apprenticeship training. Those are all things that we are now undertaking but where we still have a lot of work to do.

**Mr Johnson:** This may be a question you can answer; I am not sure. During this economic downturn businesses are going out of business and apprentices who are in the business of apprenticing are losing some opportunities. I was just wondering if the ministry is keeping track of these apprentices, if there is a way or a means to do that, because some of them are kind of caught in limbo, as I am sure you understand.

**Hon Mr Allen:** We have been very innovative, I think, in that respect. In one of my earliest meetings with the ministry staff I took up with them the question of how we dealt with laid-off apprentices, for example, because it was obvious in the past recession that we lost all kinds of skills and training investment by simply doing nothing about the layoff factor and what that did to sideline apprentices who were partway through their programs. Very quickly the ministry invested resources in putting together the laid-off apprenticeship program, which I have mentioned earlier today, with \$6 million attached and with a very activist networking program to get out to apprentices to find the ones who were laid off.

That was not an easy job. It is often very difficult to find them, but we did that, and we have been in touch with—what was it?—5,000 in total. The most up-to-date figures are 5,675 apprentices whom we have counselled in the last few months in this program. We have really been remarkably successful. Twenty-six proposals have come to us, which we funded to the tune of \$2.5 million, whereby their training can be continued despite the fact that they are in a layoff situation. I do not want to read off examples, but we have them all here. If you want us to duplicate them and make copies available for the committee, that would probably be a useful thing to do, just to see how it can be done. That was a very new kind of initiative that had never been undertaken in Ontario before.

On the other side, in order to retain apprentices you have the job of retaining industries. That is a little bit more difficult, in point of fact, and that is one reason why the registration, of course, of new apprentices has gone down. You will notice later in the book that there is a chart that shows you that apprenticeship registration has gone down. That is an inevitable consequence of industries going out of business or not being in an expanding mode and not being able to take on more apprentices under the circumstances. That part of the challenge is the much more difficult



part and has to do with the whole economic renewal agenda and bringing industries back, establishing new industries, and also expanding the whole concept of apprenticeship into new industries.

There is perhaps one item that Mr Zisser did not touch, and that is, how we promote the SWAP program, the school-workplace apprenticeship program. You might say a word about that perhaps, Helmut, because that is part of the promotion of the apprenticeship concept in Ontario now that we are very active in.

**Mr Zisser:** Starting about two years ago the province introduced a measure to allow young people to both complete their high school training and earn credit towards an apprenticeship program, which is the school-to-work apprenticeship program. In that sense it follows quite closely the experience of the West German dual system to achieve that. In that project we are working with school boards as well as employers to actively find placements for young people in industry in a wide number of trades whereby they can go to work a few days a week and then during the balance of the week they are back in the classroom. This is, at this point, a small initiative. As the minister stated earlier, there are 700 individuals signed up in the SWAP program right now, but it is an initiative that has enormous potential for growth, given the size of the secondary school population.

**Mr Sosa:** I can add something to that. We started in the first year with five and now we have 33 school boards. It is community-based, initiated in the community, and therefore it has to be promoted by the employers. This is another very good marketing way in which the employers have generated it. But the beauty of that program is that the students stay in school, get their diploma, and also have the opportunity to be trained as an apprentice while going through school. So after getting your diploma it takes you a much shorter period of time to get that skills formation. But the door has not been closed to you because you have your diploma. It means that if you are a late bloomer and you wish to change your career—as we will change our careers many times in our lifetime—the opportunity is still there for you to pursue post-secondary education.

Our studies on the labour market for the 1990s indicated that almost 66% of the students who enter high school go into the labour force without ever having any formal skills formation or any post-secondary education. They were finding themselves, for want of money, in what you may determine to be bad jobs. The whole youth skills of the traineeships and school-to-work apprenticeship program were really programs introduced in response to some of those statistics in that research. But being community-based, it means that the employers play a very significant role in its development. Our judgement is that having increased from five in the first year to 33, we will get many more school boards. That is another example of a program which was divested in which we continued to work very closely with the Ministry of Education. It is a success. That one we can deem a success as one of the programs which have been divested, but we work jointly.

**Mr Johnson:** How has the business community received this program? Are they optimistic? Given the circumstances under which they are operating right now, the economic situation they find themselves in, how are they receiving this program—positively?

**Hon Mr Allen:** They are very supportive. It is particularly actively promoted in communities where you have support mechanisms like industry education councils or a group like that which already brings education and industry together as an automatic takeoff point for a program like that. It is very popular and word of it has spread rapidly across the system. As the deputy said, we really do expect there will be significant growth that will continue in the next few years. It should be a really major source of apprenticeship training.

**Mr Johnson:** And this will be valuable for us as we compete globally.

**Hon Mr Allen:** Yes.

**The Chair:** With it being 6 of the clock, I would like to call for adjournment of the meeting, to reconvene at 3:30 or immediately following routine proceedings tomorrow.

The committee adjourned at 1800.

## CONTENTS

Tuesday 29 October 1991

Ministry of Skills Development . . . . .	E-569
--	-------

### STANDING COMMITTEE ON ESTIMATES

**Chair:** Jackson, Cameron (Burlington South PC)  
**Vice-Chair:** Marland, Margaret (Mississauga South PC)  
Carr, Gary (Oakville South PC)  
Daigeler, Hans (Nepean L)  
Farnan, Mike (Cambridge NDP)  
Johnson, Paul R. (Prince Edward-Lennox-South Hastings NDP)  
Lessard, Wayne (Windsor-Walkerville NDP)  
McGuinty, Dalton (Ottawa South L)  
McLeod, Lyn (Fort William L)  
O'Connor, Larry (Durham-York NDP)  
Perruzza, Anthony (Downsview NDP)  
Wilson, Gary (Kingston and The Islands NDP)

**Substitutions:**

Hayes, Pat (Essex-Kent NDP) for Mr Farnan  
Huget, Bob (Sarnia NDP) for Mr Johnson  
Sutherland, Kimble (Oxford NDP) for Mr Lessard

**Clerk:** Carrozza, Franco



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XC 26  
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E-23 1991

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Ministry of Skills Development

## Assemblée législative de l'Ontario

Première session, 35<sup>e</sup> législature

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Le mercredi 30 octobre 1991

### Comité permanent des budgets des dépenses

Ministère de la Formation  
professionnelle



Chair: Cameron Jackson  
Clerk: Franco Carrozza

Président : Cameron Jackson  
Greffier : Franco Carrozza



### **Table of Contents**

Table of Contents for proceedings reported in this issue appears at the back, together with a list of committee members and other members taking part.

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### **Table des matières**

La table des matières des séances rapportées dans ce numéro se trouve à l'arrière de ce fascicule, ainsi qu'une liste des membres du comité et des autres députés ayant participé.

Il existe un index cumulatif des numéros précédents. Les renseignements qu'il contient sont à votre disposition par téléphone auprès des employés de l'index du Journal des débats au (416) 325-7400.

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON ESTIMATES

Wednesday 30 October 1991

The committee met at 1540 in committee room 2.

### MINISTRY OF SKILLS DEVELOPMENT

**The Vice-Chair:** From yesterday, the rotation was back to the Conservative caucus, and since that critic is not here yet, I think the easiest thing is to revert to the Liberal caucus. Does that suit you Mr Daigeler?

**Mr Daigeler:** It suits me all right, but we are all going to be confused in the way we are going to be set up.

**The Vice-Chair:** I know.

**Hon Mr Allen:** Madam Chair, I suggested in the course of yesterday's meeting that the descriptions of the projects under the laid-off apprentices program might be something that would interest the members, so I have copies of all those for all members, if the clerk would like to distribute them.

I also have responses to some of the questions that were asked. I do not know whether you or members of the committee would like to have an oral presentation of them or whether you want to wait for the full package which will be available in about two days time for the critics.

**The Vice-Chair:** It would be helpful if we just distributed them and did not take up the time of the committee for the oral presentation.

**Hon Mr Allen:** Okay. We can get some copies made.

**Mr Daigeler:** Yesterday, Minister, we left off on page 8 of the estimates book, at least in my round of the debate or inquiry, and I would like to go back to that page, on main office operation. Since we are obviously under very tight budgetary control at the present time because of the recession, I am wondering why there is a 7% increase in transportation and communication costs for the main office and also a 6% increase under the supplies and equipment category when you are trying to limit transfer payments to 2%. I am wondering where that increase is coming from and how it is justified.

**Hon Mr Allen:** As you also know, Mr Daigeler, we are trying to maximize service as well, and those percentages are not in that respect out of line. But I would ask our deputy to facilitate a response to the question, in particular transportation and communication and the other question.

**Mr Sosa:** You will note that there is a negative figure of 12%. That was a movement of money from one category to another category.

**Mr Daigeler:** Is that your answer?

**Mr Sosa:** Yes.

**Mr Daigeler:** I would like you to be a little more specific. Are you saying you are moving into transportation things that are budgeted under services?

**Mr Sosa:** Yes.

**Mr Daigeler:** Can you give me an example as to how that works?

**Mr Holder:** There would be some inflationary costs related to transportation and communication.

**The Vice-Chair:** For the record, would you introduce yourself and your title, please?

**Mr Holder:** Doug Holder, chief financial officer. The transportation, communications, salaries and equipment amounts are roughly in line with inflation and cover such costs as increases in telephone charges and costs of operating the minister's car and other travel expenses, which we all know are going up. As was pointed out, we did not increase the overall expenditures there and have reallocated and cut back in services to fund those increases.

**Mr Daigeler:** So you are saying the minister's car is going up in cost.

**Mr Holder:** No. I am just saying that operating costs generally are going up about that amount.

**Mr Daigeler:** You just said the cost for the minister's car is going up. That is what you just said.

**Mr Holder:** There are inflationary costs associated with that.

**Hon Mr Allen:** With respect to the committee, Madam Chair, that is a pretty huge inference, to assume that it was the minister's car, as distinct from all of the transportation responsibilities.

**Mr Daigeler:** I am not making any—

**The Vice-Chair:** Excuse me, Mr Daigeler. I think we should try not to interject. There is a point when each of you has the floor and you may then comment on something that has been said before. I respectfully ask you, Minister, to wait until you have the floor, otherwise the whole process breaks down.

**Mr Daigeler:** I quite agree with you, Madam Chairman. If there are other reasons for the increase in the transportation budget under the main office I am quite prepared to accept them, and if you want to provide them later, that is fine. But I want to repeat that it was not I who said that it is the minister's car. It was the witness who said that.

Also, you indicated that inflation is the reason why some of these figures are up, but in the Treasurer's own forecast inflation is predicted at less than 4% over the next three years, so certainly the figures are higher. They are particularly higher on the next page, page 10. Under supplies and equipment we see a 110% increase from the 1990-91 estimates to this year's estimates. Could you explain that for me? Perhaps if the ministry official is here he might be able to answer the question.

**Hon Mr Allen:** I will ask the chief financial officer to deal with that question.

**Mr Holder:** Between the two years, the increase relates to some changes in accounting within the ministry. We have centralized the cost of some of those functions which were administered within the administration services unit, such as accommodations. So where we are making accommodation changes throughout the various offices, we have centralized those costs into one area so they can be managed more efficiently under this unit, rather than having those funds spread out through the other activities of the ministry. That is one reason for the increase there.

The other is that within the finance and administration services area we reallocated funds from within that vote to cover the costs of implementing a local area network within the division, and that is being implemented this year. We are expecting to see some efficiencies come out of that. We have electronic mail now throughout the ministry.

**Mr Daigeler:** I guess that gives some explanation of the matter. I mentioned yesterday that I thought the estimates book had some improvements over the previous years. In particular, what I welcome is the description of the planned initiatives that are in here. But perhaps for future meetings of the estimates committee, if there are what appear to be extraordinary changes from the previous estimates, it would be useful if there is some sort of explanation provided in the estimates book so that we know what this is all about, because we are obviously interested in these matters.

1550

On page 12 of the estimates it includes among the activities of the finance and administration division of the ministry: to "provide financial management and accountability frameworks" with regard to the various agencies of the ministry. Can you provide me with the accountability guidelines that your ministry has in place with regard to your transfer payment agencies and organizations?

**Hon Mr Allen:** I think the the chief financial officer will be in the best position to answer that, if not the deputy.

**Mr Holder:** As you know, the ministry has a large portion of its estimates devoted to transfer payments, and that is certainly a very important area that we need to deal with. Within the Management Board guidelines there are requirements of each ministry to have in place these accountability frameworks. They relate to setting expectations of the agencies, monitoring those programs and getting reports in from those agencies as to how the funds are being used and managed.

In the last few months we have been undertaking a special review of the adequacy of our accountability framework and we have had an interministry team working on that. We have thoroughly reviewed those and have come up with some recommendations which we are now acting upon. It was certainly good to find, once we did that review, that we in fact do have very good accountability frameworks in place for all of our programs.

**Mr Daigeler:** Could we have a copy of those recommendations to see the results of that review? Also, if you have a sample framework for any of the agencies, it would be useful for us to see how you are in fact monitoring your

transfers and how they are being spent. That would be useful for the members of the committee. Is that agreeable?

**Hon Mr Allen:** Yes, certainly.

**Mr Daigeler:** Again, Minister, I am addressing the questions to you, but you may pass them on. It is mentioned in the graph on page 11 that 8% of your costs under finance and administration are directed towards the executive director and legal service. It is my understanding though that legal services for your ministry are provided by the Attorney General, or that the Attorney General pays for that part. Do you have some explanation for this?

**Mr Holder:** Certainly the services are provided through the Attorney General and in fact a lawyer is based in the Ministry of Education. However, we do reimburse the Ministry of the Attorney General for salaries of legal services we use.

**Mr Daigeler:** So it comes out of your budget then.

**Mr Holder:** That is right. It is a service. It is part of the services expenditures within this vote.

**Mr Daigeler:** On page 14 of the estimates it is mentioned that you continue to place special emphasis on achieving employment equity commitments and ensuring that programs are in place to train and develop staff to maximize their skills. The minister has often indicated that it is a priority for him to achieve employment equity and to make sure that representatives of all groups of society are present in the provincial civil service.

Could you indicate for me how your human resources branch is trying to ensure that your ministry employment competitions are circulated to the multicultural and disabled communities and other groups that you are trying to reach specifically and also how much money you have spent in that regard?

**Hon Mr Allen:** I am very happy to respond to that question because the ministry has an unusually good record in recruiting representatives designated groups to ministry staff, as indeed is the case with my own personal staff. I wonder if someone has the percentages close at hand.

**Mr Hansen:** I am Jim Hansen, executive director, finance and administration. I have numbers of some of the groups we have targeted for employment equity purposes, if you would like me to go through those, and I can talk in terms of what we do in recruiting our employment equity groups.

**Mr Daigeler:** I would like to hear that.

**Mr Hansen:** We identified certain sections of the ministry, in terms of certain classifications, as areas we should be targeting for employment equity purposes. One of the areas we targeted was the senior management positions, just below the executive group. This is an area, sort of senior middle management, that all ministries are trying to move more employment equity group members into. I will give the 1989 figures and then the 1991 figures on that group, and I will tell you what we are targeting for.

In terms of women in 1989, we had 32% in the group. As of this year, we have 31%. Between 1989 and 1991 is also when we went through our divestment exercise, so there were large hunks of the ministry that left. Our goal for 1993 is 32.7%, which is actually the goal for



the Ontario public service as a whole. The figure for the service as a whole right now is 24% in that group.

In terms of racial minorities, in 1989 we had 4%. We are up to 11%, and our goal for 1993 is 13.2%. The service as a whole has 12% in the group right now.

Persons with disabilities: In 1989 we had 6%. In 1991, we have 9%, which is over our goal. Our goal for 1993 was to be 5.8%. The service as a whole is 3%.

Francophones: In 1989 we had 6%. This year we have 4%. Our goal for 1993 is 6.7%. For the service as a whole right now it is 6%.

One of the other groups that we targeted, and we targeted this on purpose because we are the only ministry in government that has this particular classification, is the industrial training consultants. In 1989, we had 17% women. This has moved up to 33% for this year. Our goal for 1993 is 33%, so we have made our 1993 goal right now. In terms of racial minorities, in 1989 we had 2%. We are up to 5%, and our goal is 7%. For persons with disabilities, in 1989 it was 8%. This year it is down to 4%, and our goal is 4%. Francophones: In 1989, we had 11%. This year we have 13%. We are 2% higher than our goal. Aboriginals: In 1989 we had 5%. We are down to 4% now. Our goal is 5%.

In the ministry we review every position at the AM-17 level, which is sort of middle management, and identify whether it is a suitable position for any of the designated groups or if there is any reason why it is not a suitable position. An example of that would be that you would not target a position that had a lot of heavy lifting for a person with a disability.

We target the positions, we identify where we should do outreach, how we should do outreach, and we go through these on a position-by-position basis.

1600

**The Vice-Chair:** Excuse me. I wonder if you could continue in the next rotation, because you are actually four and a half minutes over.

**Mr Daigeler:** I will just make one final comment, which is to say I am glad I asked the question, because you were so well prepared for this. I must say this is quite impressive, not only in terms of what you are doing, but also the targets you are setting. In that regard, I do wish to compliment the minister as well. I think that is obviously an area that you are paying attention to, and I am quite pleased with what I am hearing.

**The Vice-Chair:** Thank you, Mr Daigeler. Now if we could move to Mrs Cunningham. We are going to move to you, we are going to go through on a normal rotation, and then if the committee agrees, we will come back to you and give you your turn that you have already missed. Then we will start the rotation again with Mr Daigeler, if that is agreeable to the committee. Everybody is in agreement.

**Mr Perruzza:** Madam Chair, you have full control.

**Mrs Cunningham:** Thank you, Madam Chair. Good to see you, Minister. I have not had a chance, and I do not think any of us will, to take a look at the Hansards, but I did have a look at the remarks that were made at the meeting, and I apologize for not being here yesterday. I think

the first questions I have are probably in response to the questions I already had have answered. I was just handed an outline here with regards to some responses, so I may as well deal with that first.

With regards to the London industrial training committee, the discussion on the very first page of the responses, any particular way you would like to handle this is fine by me, Minister. Later on, there is another that sort of states the problem. Then I think on the "Notes for Response"—bear with me here—the "Role of the CITCs regarding OTAB," at the very end, the last two pages were prepared by Mr Landry.

I wonder if we can explore this just a little bit with regards to the concerns, because I would like to take this opportunity to take a look at the future. You know of the concerns of the community industrial training committees with regards to reducing the numbers and not being able to reach into the smaller communities, and therefore, perhaps, not taking advantage of the specific advice we can get from individual businesses to the extent that we do now. I know it is going to be a public consultation, but I am just wondering if there is any response to that question right now, or just what you might expect to happen, what we can tell these groups who are really wanting to know that we have appreciated the work they have done.

**Hon Mr Allen:** I am very happy to respond to that question. I think the first public event that I went to was the annual conference of the CITCs, to Fern Resort, a little over a year ago. It was certainly evident to me that there were substantial concerns in those organizations around what might be coming by way of an Ontario Training and Adjustment Board structure, how the local boards would be organized, and what would be the fate and role of the CITCs and the various constituent groups that made them up.

I assured them then, and I have assured them at every meeting with them since, that the point of this entire exercise of reorganizing training in Ontario is to maximize everybody's role and to build on all the strength that is there, rather than to let people and skills and talents and experience fall by the wayside. That has been the guiding rule of thumb that has certainly led me through the subsequent months as we have gone through the OTAB design experience and so on.

I have had the opportunity to sit down at some length with CITCs or their equivalents in communities like Hamilton, Barrie and your own community, for example, where I had a very extensive discussion with the representatives of the LITC, who then brought in some related representatives to discuss the whole question of the Ontario Training and Adjustment Board, and what advice they would have for me and the ministry, as we went into the preliminary discussion framing up that option.

It was an extremely useful meeting in London, I must say. You would have been proud. The people who came to it were outstanding in the kind of advice they gave, their commentary, their articulation of their concerns, and they were very helpful.

The future of the CITCs, of course, does await the conclusion of the formal consultation process that will begin in a very few weeks' time. It would be wrong to

prejudge exactly what that future is. Other than that, it is clear that both the federal and the provincial governments want to reorganize local training boards on the basis of some 20—an indefinite number, but somewhere in that order of magnitude—local boards.

I hasten to say that the structures developed in all the discussions I have with all the parties who will be involved in that, the formation of the local board structures, will be very much a dialogic thing, very much interactive with local groups and interests, so that we will build in the best way possible upon those local strengths.

Likewise, it is clear that the nature and structure of boards in certain geographic regions might differ somewhat, given the fact that it is a very different proposition creating a local training board in a portion of Metropolitan Toronto, for example, as against northwestern Ontario. Clearly, there has to be a different, decentralized operation that would keep active and live committees in place in widespread communities such as you would find in Kenora, Fort Frances, Atikokan, Thunder Bay, Nipigon, Terrace Bay, and so on. There will be a significant flexibility in the way in which that design is carried out, and we certainly intend to respect the groups that are there in terms of what we come up with at the end of the day.

**Mrs Cunningham:** Okay, thank you for that. We are looking at 57 CITCs right now. I think the recommendation is that we move towards 22 training boards, and it is my understanding that there are financial commitments right now that the CITCs have within their own communities. I guess the appropriate question is, what would the provincial government's estimates be for this conversion?

**Hon Mr Allen:** There has not been an estimate of the cost of conversion to date, precisely because we still, for example, have not got a completed consultation paper with the federal government that details the nature of the creature, and until we have that in place it will be difficult to talk about cost of conversion.

I would imagine that, as distinct from the question of ongoing operations, the cost of conversion in that sense is probably a relatively small budget figure, but I do not know whether anyone has any estimate or calculation.

Is my judgement right that the ongoing question of operational costs will be the issue that principally will be addressed, I should think, in the—

**Mr Horswill:** If I could elaborate, the principal expenditures of the CITCs, of course, are the assistance they provide to the federal government and to some extent us, in training purchases and needs surveys. The needs surveys and the executive assistant budgets are very small. Those are resources the ministry values highly and, whatever the status of the individual CITCs would be, I would assume the local training boards would value those resources. But we certainly could not speak on their behalf at this moment.

**Mrs Cunningham:** It seems to me that the training purchases would be the commitments, then. Is that correct?

**Mr Horswill:** The training purchases, of course, are under the annual training plans of the Canada-Ontario training agreement. They make those training purchases on

behalf of the federal government at the moment. The deliverer of training is either a private trainer or a college, of course, and the role of the CITCs and the role of the board is that of a marketplace or a decision-maker, not as an administrator or a bureaucracy. So those expenditures are small. What is valued is their ability to make decisions on behalf of the community, not to deliver training per se.

1610

**Mrs Cunningham:** My point was that if you have been involved in making the recommendation, and even though you are a volunteer and not truly responsible, there is an obligation on your part, if you are a keen person and committed to advising us and giving us suggestions, to see it is carried through. I just want to make sure there is going to be some continuum here. That is what I am looking for.

**Hon Mr Allen:** I do not think there is any question about that. One will not suddenly have different dramatic personae in the local community just because you call it a local training board as distinct from a CITC. The people who are active in the training world are the same people we will have been involved in the local training board, structured a little more consistently across the province perhaps and somewhat more representative, but certainly involving all the active players. There will be as much continuity as we can possibly build into it.

**Mrs Cunningham:** The other aspect is that of paying people to sit on these boards, whereas now people sit as volunteers. I am wondering what prompted that and whether there is any estimate of what the cost would be.

**Hon Mr Allen:** The question is obviously a detail that awaits the outcome of the consultation, but I would say the government is committed to paying such costs for representatives of groups that otherwise would not be able to have representation.

One of the critical problems in putting a principally bipartite training structure in place in Ontario is finding sufficient trained and available working people, straight out of plants and factories and workplaces, who can actually afford the time to sit on those bodies. It will be necessary for us to provide compensation for a certain range of representation to enable that to happen, otherwise it will not happen and we will not have the bipartite, co-determined operation I talked about yesterday as the guiding philosophy in the OTAB structure.

**Mrs Cunningham:** But given what you receive in input on your discussion paper, you may change your mind on that?

**Hon Mr Allen:** I am saying that no question is fixed, simply because the consultation is not over. That is all that should be read into it.

**Mrs Cunningham:** By the way, that was the Premier's Council recommendation. That does not mean you are going to fly with it. I saw the deputy frown at that one. Did you want to add something?

**Hon Mr Allen:** No, just that the compensation does have to do with loss of wages that individuals would sustain in terms of their participation.



**Mrs Cunningham:** You make an interesting point, because if indeed we are looking to the private sector—managers, union members, whatever—to help us in this tremendous task and challenge, perhaps that is one of the ways they can help us, by allowing their people to come and give us good advice and still pay their salaries. I think that is a given expectation. I speak as a person who sat on the old advisory training committees under the old Education Act, where progressive business people and industry people encouraged their workers to come and give us good advice. They did not lose money if they had to come in the daytime. Rather than feeding into that one, we should be saying it is one of the things the community can do to help us. We know that government cannot do it by itself any more.

**Hon Mr Allen:** We would certainly look at an offer by the private sector to provide all the wage supports for all the representatives on the board.

**Mrs Cunningham:** Those are the front-line workers we need to help us make these decisions. I just think it is part of their responsibility. You and I could both quote some statistics. I am not blaming anybody, I just think we are looking for some improvement in spite of tough times, especially in Ontario, given the resources of our community.

**Hon Mr Allen:** That would be a good investment.

**Mrs Cunningham:** Is there information in the Ministry of Skills Development, any numbers, on whether school boards or young people 15, 16, 17 years old may be beneficiaries of Skills Development funding? Would it show up anywhere at all in this document? I did not see it and would ask if your people could tell me. Is there any program here where Skills Development has had the involvement of that age group in some training education program? Minister, I would like your observations on this one. You know it is one of my great concerns.

**Hon Mr Allen:** That type of activity is lodged with the Ministry of Education and is largely its responsibility; for example, the school-workplace apprenticeship programs. But there is no reason to think the labour-market analysis that might be done in the context of the ministry might not touch that question. Is there such?

**Mr Sosa:** Right now, there is mainly the school-workplace apprenticeship program, with spending of \$2.2 million over a three-year period from 1990-91 to 1992-93.

**Mrs Cunningham:** Does it show up on any page here?

**Mr Sosa:** No.

**Mrs Cunningham:** There are probably times when Skills Development is assisting at least in some way, giving good advice. I cannot remember the program in which you and I were involved in northern Ontario, where Skills Development was involved with the school board. Was it Timiskaming?

**Hon Mr Allen:** Yes, it has become a pilot project at Timiskaming. Because the college there could not provide an apprenticeship program, the local school board entered into an agreement with the federal government, which was prepared to provide money for the launching of the program. It ran into some difficulty in terms of the regulations

and guidelines that affected the progress of the program through into the second and third years. We then had a meeting with the representatives of the board and worked out the details whereby that program could continue, although it was somewhat anomalous in the system. That does bear somewhat upon the issue of the relationship of boards and colleges and the way they each participate in the fielding of apprenticeship across Ontario. There is a measure of rivalry or turf protection there that one has to work with.

**Mr Lessard:** I have some questions that follow Mrs Cunningham's line of questioning to some extent. In Windsor we have CITC. It is known as WESTAC and has four full-time employees, and there is a local board made up of individuals from the community. One of them is Rob Bullock, who is with Border Press. He is wondering how and whether CITC would turn into a different body under the OTAB program and if so what steps might be expected to go through this conversion. I wonder if you could address that.

**Hon Mr Allen:** I certainly appreciate the nervousness in the CITC at the present time, as we are in the middle of a process which does hold some question marks over its future. However, it is really quite premature for me to advise any one of them how they should now go into the process of reorganizing themselves in order to ultimately qualify as a local board, which, in effect, is what is being asked. All I can say is that the consultation is coming up.

We will value WESTAC's contribution to the consultation and its best advice, in particular as to how the local board's structure might be generated and evolved out of existing structures and groups in local communities, and how they would best find their place within the larger structure of the OTAB operation.

At the end of that exercise we will come to a consensus as to how best to proceed. At that point we will have a very active region-by-region discussion to work out the details of how it best can happen place by place. There will not be a simple, rigid format applied across the province and laid down from Queen's Park as a kind of magic formula that somehow should be expected to fit every single community.

1620

**Mr Lessard:** So is it expected that there would be a phase-out of the CITCs eventually?

**Hon Mr Allen:** One would assume that would take place if the consultation proposal is broadly accepted and if the federal and provincial governments equally maintain their intention to deliver training through a reduced number of regional structures, whatever you call them.

**Mr Lessard:** We also received today a listing. It says, "Help for laid-off apprentices," and it refers to projects that have been approved as of October 22. I noticed there were none for the city of Windsor or St Clair College. I wonder whether there is still an opportunity to become involved in the laid-off apprentice program.

**Hon Mr Allen:** Can I ask for a response to that? This program has been widely publicized across the province and if there is not a response in Windsor, I am also curious about why that is the case.

**Mr Sosa:** The answer is yes, it has been publicized very widely in the Windsor area. There is still some scope for the community to make submissions regarding projects.

**Mr Lessard:** Thank you.

**Mr G. Wilson:** I would like to turn to something that was raised about funding for skills development, and that is the sectoral approach. I understand there are some successes there in the plastics and electronics sectors. First, I would like to know why they were chosen as areas for consideration, and then to know whether other sectors are being looked at, and perhaps obtain the rationale for the sectoral approach.

**Hon Mr Allen:** The sectoral approach makes a great deal of sense. What it is, in essence, is a whole industry such as steel trades or plastics or electrical and electronics or tourism or what have you, where the employers in question all have very similar training needs. In that context, it is possible also to more easily facilitate bipartite labour-management structures to promote training within those sectors because they all have similar interests at the labour level and the management level.

In essence, it has been a most rational undertaking and fits the circumstances and nature of Canadian industry and the organization of the labour force. The ministry decided two to three years ago that since this made so much sense, it would begin offering training trust funds and traineeships on a sectoral level and facilitate the development of bipartite training structures, curricula and industry strategies. As a result, we initially embarked on a venture with the electrical and electronics industry and have a very good, solid working agreement there, with 20 participating companies.

We also followed that up with an undertaking with the plastics industry, where they discovered that their principal problem was entry skills. They were having tremendous turnover in staff because the people in the labour market niche they were drawing from clearly did not have the appropriate entry skills and kept fouling up. The frustration level and the stress levels were difficult, so people would leave. We have worked with them and set up a sectoral agreement to tackle those problems, again on a bipartite level involving labour and management. We have done research on the curriculum and some pilot projects are just now in place.

We are also very deep in a major undertaking with regard to the automotive parts sector, which will be a big project. That is almost completed. The budgets are in place, running to somewhere in the order of \$25 million to \$30 million split three ways between the two governments and the industry. That will be a major undertaking. We are at the initial stages in some other fields as well. As a governing structure for training, the sectoral approach is just extremely efficient.

**Mr Sosa:** I can add to that. There is a lot of activity at the exploratory stage. The principle of co-determination and the workplace is integral to everything that is done. We have needs surveys being conducted in the north through Confederation College in the forestry and mining

sector to explore the feasibility in those areas; we have them in the agricultural sector and in the food processing sector. There is an extensive discussion taking place right now looking at the curriculum with the tourism and hospitality centre. In that area we find that in the entry-level jobs, the generic jobs of basic skills which would be developmental, as restructuring takes place these individuals can build on that base.

We have tourism, plastics, auto parts, food processing, agriculture; it is one area in which we have found that the sectors are really very receptive because it is a good way of doing business. When you have poaching, one of the main criticisms we have had is, "I do the training and then you steal the individual from me." But when it is done on a sectoral basis the skills remain within that particular sector. It is a very significant approach, and I think we are very happy with the way we have been progressing. But it is a lot of work and we do it in partnership.

**Mr G. Wilson:** So it is not the individual business or company, there is a pooling of the resources?

**Mr Sosa:** Yes. There is another element, so therefore there normally are four partners: the Ministry of Skills Development for the government of Ontario, the workers, the employers, and for purposes of income support we have to work with the federal government. We have found that the federal government has been very receptive in supporting it. The Canadian electrical and electronics manufacturing industry, CEEMI, project is a massive one, because we are dealing over a five-year period with the possibility of \$12 million from each partner, so when we think of training in the electrical and electronic sector, we are dealing with a \$50-million project. We have found in dealing with things by sector that the federal government is very willing to assist in that area and has worked very well with us.

**Mr G. Wilson:** So I guess the decision is made that these are fruitful or rewarding sectors, that there is a future for them, in effect, before these decisions are made, which as you pointed out are significant and involve huge sums of money. Is that by this ministry or is this interministerial, say, with the Ministry of Industry, Trade and Technology to target the sectors that will give a return on this kind of investment?

**Mr Sosa:** We work very closely with MITT on all projects.

**Mr G. Wilson:** Have you identified some other sectors that will also be coming under—

**Mr Sosa:** I spoke of some on which we are working and I identified, first, that it is a very logical process of doing a needs survey and an evaluation, because it is a significant commitment. I identified the minister's discussions which had taken place in the auto parts sector, with the CAW and with the Automotive Parts Manufacturers' Association. I identified discussions which have taken place in tourism; I identified initial discussions which have taken place in the agricultural sector, in food processing, bringing them together at that initial stage, and also exploratory work which is being done with needs surveys in the



resource sectors of the north. That is, we are working very closely with Confederation College.

We made a commitment as the Ministry of Skills Development to give a little nudge by assisting with finances to conduct the needs survey. That is with the mining and the forestry sectors. I have given you at least five or six of the sectors in which you get a flavour of the discussions which are taking place.

1630

**Hon Mr Allen:** I think I want to underline the importance that we attach to the bipartite nature of the agreements that we come to.

In the case of the auto parts sector, for example, the auto parts manufacturers had come to some understanding themselves around the need for training and had begun some discussions with the ministry. We immediately put the discussions on hold until we were able to bring the Canadian Auto Workers, who were the organizers for the whole workforce in that sector, together around the table and to get some common understandings going so we could get everybody on the same level playing field before we moved ahead with the project. We insist that all of the training projects in the sectors be done on a bipartite basis in order to facilitate a more co-determined, co-operative approach in the workplace.

**Mr Horswill:** Could I just add one point to that? The minister and you alluded to priorities at the Ministry of Industry, Trade and Technology. Unlike programs that we develop with public sector partners, neither MITT nor ourselves have a top-down list of priorities, except that it is highly desirable to support sectors within the trade economy, sectors within dynamic services, sectors where individuals will secure ultimately high incomes and secure employment.

We are driven principally in the first stages of the development of sectors by the characteristics of the sector in terms of its interest in training and the ability of workers and employers to work together. That means that people in the plastic sector, people in electronics and auto, of course, are running with our concern to develop sectoral infrastructure. It requires the private sector to develop competence as well as the public sector being there to support it.

I can only add that this is an important element probably over the life of the training agreement with Canada, that the two governments have agreed to offer a joint look in the negotiation with sectors. It has been the case from time to time in the past that the two governments have negotiated separately with the private sector, which is not necessarily in the interests of the public taxpayer or the private sector. Now the two governments are partners in both sharing and in the principles of co-determination.

**Mr G. Wilson:** It seems like a huge undertaking to get all the parts to work together. I guess some of them are not that used to working together either, but it would seem crucial to the success of our economy.

**Mrs Cunningham:** I am going to go back to my original questions, if I can, at least for today, because I have to admit that I have not had a chance to really look into some of the numbers as much as I would like to have done. So I

am going to stay with some of the philosophical stuff that may or may not match with some of the pages here.

We did have some questions that we did not get tabled. There were four. I am not sure whether you were given a copy or whether you passed these on. Did you pass on the whole sheet, Mrs Marland?

**The Vice-Chair:** Andrea has a list of the questions that I forwarded and we got almost to the last page.

**Mrs Cunningham:** There are four left.

**The Vice-Chair:** That is right. No, I did not pass those on.

**Mrs Cunningham:** If the minister does not mind, I would like to ask them because they are questions that we spent a lot of time on.

The estimates indicate that you will hold a fall conference for the school-workplace apprenticeship program, SWAP, and I am wondering when that is going to be held.

**Mr Sosa:** The school-workplace apprenticeship program: the conference which was proposed. Has it been held, when was it held?

**Mr Horswill:** The conference was held this spring.

**Mrs Cunningham:** I cannot find the page where it said there will be one in the fall.

**Mr Sosa:** Page 55.

**Mrs Cunningham:** Page 55. While you are doing this, can I move on? Mr Lessard may be interested in this, In an October 9, 1991, Windsor Star article, a technical co-operative education teacher—this is from one of the clippings about which we were going to ask a question in the House and we can ask now—Mr Ron Brunet said he could not place his SWAP students, even though mould shops are experiencing a shortage of skilled workers. This is a practical question again. We are wondering if the other boards have had problems placing students, because obviously that one has. What do you do when something like that happens? You know there is a need, you know there is a shortage of skilled workers, and you know the school system is trying to match the need, which is great, and yet they could not get placed. You may need some time on that one, because it is very specific.

**Hon Mr Allen:** I cannot personally give you a full answer on that as to what the structure of response is. I do not know if our director of apprenticeship branch would have something to say about that.

**Mr Zisser:** I am Helmut Zisser, director of apprenticeship. I cannot speak to the particular case that you cited, but we can certainly look into it. I am not aware that we are having difficulties as a system right now. We are aware that the recession has slowed down a lot of things to do with apprenticeship, and that is certainly something that also affects the ability of employers to take on additional people in something like SWAP; but we will look into this circumstance to find out just what happened.

**Mrs Cunningham:** Do you have an answer on the fall conference? Is it now a spring conference, or what was it?

**Mr Zisser:** It is my understanding that a one-day conference did take place earlier this year. It was not a major

conference, and there are plans to get the group together again this fiscal year.

**Mrs Cunningham:** If one of the objectives of the ministry is to measure and evaluate programs, sometimes when we even have a day session—depending on who is there—we probably get some good advice on how we can improve the quality of what we are doing, so I would not mind knowing about that. Even though it is just one day, it may be something that we can work on for the future.

Certainly in my involvement in politics, both at the school board and here, we definitely think a lot about the programs, and sometimes when we are really lucky, we get them in place, but the weak link has always been the evaluation, and the moving on for the purpose of evaluation to improve the quality. So if we have done it, let's see what we get out of it.

**Hon Mr Allen:** We would be happy to have both critics at the conference and to keep you informed about developments around that.

**Mrs Cunningham:** I get your point, Minister.

On October 24, 1991, the training announcement indicated that the federal-provincial program will increase access to training for women, aboriginal peoples, racial minorities, persons with disabilities, social assistance recipients, francophones, the unemployed and older workers. Will the enhanced access program, another specific question, have the same designated groups?

**Hon Mr Allen:** How will we access?

**Mrs Cunningham:** No. Will they have the same designated groups? I am assuming that if it is an enhanced access program, there ought to be some targets there. Will these be the same groups, or maybe it is not part of it. I do not know.

**Hon Mr Allen:** The designated groups in the context of the recent agreement are eight; four, which derive from the federal designated list, and four from ours. Under the access programs for apprenticeship, however, there has been a great deal of activity to date around, in particular, women, visible minorities, aboriginal candidates and disabled. The additional four that we have that are built into the agreement are, if I remember correctly, francophones, unemployed, displaced workers, and there is one other, social assistance recipients, the SARs.

The new money under apprenticeship is dedicated totally to that end. That was the reason we were able to persuade the federal government to lift the cap, which, as you know, it has been resisting for the last three years. We have broken through the \$40-million barrier at the federal level, but it is designated specifically for the equity groups and skill shortages.

1640

**Mrs Cunningham:** To carry on from that, you will remember that the Premier introduced private member's legislation, Bill 172, that included specific targets for designated groups and the time lines. If he felt it to be necessary to have these specific targets and time lines, do we have targets and time lines for the enhanced access program? If we do, it would be important to know what they

are so that we can again measure what we are trying to do, what our goals are.

**Hon Mr Allen:** I stand to be corrected, but I do not think we have. My deputy says we do not have time lines or targets. We do have a very active program. It is pursued through a very active networking project that reaches into those communities in order to access people who are prepared to move into non-traditional trades or pre-employment skills training so that they can access apprenticeship positions. I think it is more important that the activity be vigorous and well funded in that regard than that we have targets and time lines, but I certainly am not averse to thinking in terms of targets and seeing what we can do by way of moving on specific objectives. We are trying to realize them.

**Mrs Cunningham:** Do not get me wrong, Minister. I was not saying that ought to be the case; I was just saying that was the consistency here. I am more inclined to agree with the statement you just made.

However, can I move back to the CITC model? I have a couple of questions. One of the great criticisms we have—I must say from time to time I feel this way, but I do not have the kind of information I need to be particularly critical. I just raise the question and leave the work to you, because you are in the government and I am the critic and you have the resources and I do not.

**Hon Mr Allen:** I have all these marvellous people helping to do the work for me.

**Mrs Cunningham:** If we are restructuring our advisory boards in a significant way, I hope we will take the time to do it right. There are models some of us are aware of throughout North America, Europe and the United Kingdom that we may or may not like and some that are working better than others. I hope we will use the reports we have had from the travels of our staff over the years—some of them are outside this fine institution or your ministry—and take a look at the good advice we have had. One of the great criticisms is that the government itself probably has as many as seven ministries that have some responsibility for training. What are we doing about duplication or is that something we want? Has anybody really taken a look at the structure of the provincial government itself when it comes to delivering training programs?

**Hon Mr Allen:** It is, at least in part, because of the dispersed nature of training under more than just seven ministries that the whole conception of consolidating training under a single major training structure at arm's length from government was thought about in the first place, as I think you know. While the reflection and consultation on the OTAB structure is under way, there has not been a major focus upon redressing that question inside government, since the structure of OTAB will inherit a major range of training programs that are currently delivered within government in some form or fashion. They will find a new coherence, a new integrity under the direction of a board of whatever proportion is endorsed by the consultation process. That is the context in which the question has been addressed over the last year, if I can put it that way. I do not know whether you wanted to be more precise or



particular about given programs. That was one of the major motives.

**Mrs Cunningham:** No, I am talking about the magnitude or the size. My people are particularly interested, by the way, in this ministry for a lot of reasons. We want to see a lot of results. Someone mentioned to me that there are some 48 different programs currently operating within seven ministries. Those numbers may not be correct.

**Hon Mr Allen:** They are broadly correct.

**Mrs Cunningham:** But they are, in the broad sense I think, pretty responsible. If you are saying that there will be some—I have to be careful with my choice of words because I do not think you did say this.

**Hon Mr Allen:** So do I.

**Mrs Cunningham:** I know; you have to be more careful than I do, do you not?

**Hon Mr Allen:** You are right.

**Mrs Cunningham:** There probably is not a good word. I was going to say that probably the whole issue of restructuring of government will in fact take place by virtue of the exercise one has to go through in looking at the role and mandate of OTAB. Would you agree?

**Hon Mr Allen:** As a broad statement, that is fair enough. Let me go on to say that one of the features of the Ontario Training and Adjustment Board project distinct from what was present in the Premier's Council report People and Skills in the New Global Economy is that we have brought into play another range of training with respect to the board in terms of the discussions and consultation it will focus on, and that is the entry and re-entry skills of people who are not currently in the workforce.

The principal focal point of People and Skills in the New Global Economy was workplace training of those who are presently employed and therefore a labour-management bipartite structure. Our concern was that we would end up with a kind of OTAB with a very rich workplace-based training program which would not be matched by any equivalently rich entry and re-entry skills training that would be integrally linked to, for example, all the research on best practice for training that OTAB would undertake.

We were concerned to bring that whole area of training into full focus within an OTAB structure. That will be one of the central features of the consultation proposal as it goes forward. Whereas it would be very easy for social assistance recipients, those who are not in the workforce, to have less and lower access to training by virtue of a simple bipartite workplace-based training model for the board, we have tried to remedy that by putting them together in a single framework in terms of the proposal that will be discussed.

**The Vice-Chair:** Thank you, Minister.

**Mrs Cunningham:** Time up already?

**The Vice-Chair:** Yes.

**Mr Daigeler:** Back to me. Before I go back to the estimates book, I would like to pursue this question about employment equity, which is, I think, very dear to the heart of the minister. The issue I am raising here may actually

fall under his other hat as Minister of Colleges and Universities, but then again it ties in with skills development, especially for the underprivileged. I am informed by Ottawa-Carleton Lifeskills Inc that apparently—I have tried to find out some more information from Algonquin College; I have not received it yet and I wonder whether the minister could look into this for me—there is a plan to withdraw bursary support for persons who are developmentally handicapped. At present they are receiving support to the tune of \$912 per semester. There are five students involved who would no longer be able to benefit from a program entitled PAFAs. I do not know what that stands for.

I am not sure whether that is an Algonquin College program or whether this is money that is coming from the province, but it certainly looks to me as though this is something the minister should be concerned about in terms of his interest to provide education and training to designated groups. I am going to leave this communication with the minister and perhaps he can take a look at it. Perhaps he can get a quicker response from Algonquin on this matter, specifically whether this is something that the college decides or whether it relates to reductions in funding from your ministry. If I can leave that with you, I would appreciate it.

1650

**Hon Mr Allen:** There were some special bursary concerns around Algonquin College with regard to another program. I am not sure it is exactly this one.

**Mr Daigeler:** I am aware of the other one.

**Hon Mr Allen:** We did manage to substantially top up the other program to provide the additional access for all those who were registered and hoping to get into it. I think this is a different program. We will look into it and dig out the information for you.

**Mr Daigeler:** Also, quite frankly I am not fully satisfied with an answer that you provided to me today to a question I asked yesterday. I would like some further clarification. I asked how this alleged increase from the federal government that my colleague from the third party was so proud of last week in her response—

**Mrs Cunningham:** You have to be proud of something with the federal government.

**Mr Daigeler:** Before we can be too proud about this, I want to know what in fact I can be proud of. The point I was trying to get at yesterday is that the announcement from the federal government, while it sounds good on the training side, is really nothing else but money that is owed to Ontario under the previous unemployment insurance setup. I do not see that in your written answer. You are referring here to Ontario's share of the new federal funds redirected from unemployment insurance for training, which will be 37% in 1991-92. What is the 100% here? What does that 37% relate to? Specifically, if there had not been the change by the federal government to the unemployment insurance system, how much money would we have gotten? The information I have is that we would have gotten more money than we are actually getting now under this new training agreement. When the Tories say, "Oh,

we're so generous. We're giving all this money to Ontario," it is really money we were entitled to anyway. In fact, it is less than we used to receive from the federal government. Can you answer that question for me?

**Mrs Cunningham:** I can hardly wait for this answer.

**Hon Mr Allen:** The money itself does come from the federal exercise around Bill C-21, which did restructure the unemployment insurance program in a way that would release substantial dollars from it in terms of direct benefits and redeploy them as training dollars that would be available to working people across the country. That is point 1.

Point 2 is that what is actually owed Ontario out of the unemployment insurance fund is always strictly related to the level of unemployment in Ontario. That is, we contribute—I think these figures are about a year old, but in a normal year, not in the middle of a recession—about \$5 billion and some to the unemployment insurance fund. When employment is more or less even, roughly what it is across the rest of the country or fairly average for Ontario, we get back about \$3.5 billion.

That is just in the nature of an insurance scheme. Therefore, people pay in and get out in relation to the severity of the economic climate. In present unemployment circumstances where we have lost 240,000 jobs, March to March—75% of the unemployment losses have been in Ontario in that period of time—as a result, our unemployment insurance contributions have gone up significantly and dramatically, so that I understand they are almost even with what we put in at this point in time. Am I correct? We will check that figure out for you. It is much more comparable than it was.

That is another part of the answer. We do not simply get in and out of that system in terms of what we deserve in some moral sense, but only in terms of our levels of unemployment. It is true there were some downsides to Bill C-21. The downside was that there were adjustments in the eligibility periods and benefits, which has had the impact in Ontario of putting more people on social assistance who might not otherwise have had to go there. You are right in surmising there are some losses for us. That is quite true.

At the end of the day when the federal government has completed such an exercise, over which we have no control—it does that; that is its business—there is a substantial sum of money then made available for training. How do we access that, and do we benefit more or less, and did we get more or less than our share out of all that exercise in our negotiations?

When we looked at the existing training agreements we had over the previous years with the federal government, negotiated originally I guess in 1986 between your Liberal government and the federal government, we discovered that with 38% of the labour force in Ontario, we were only getting 24% of the training dollars.

**Mr Daigeler:** I have heard those figures before, yes.

**Hon Mr Allen:** We simply said: "That is unacceptable. We contribute to national balancing by our equalization payments and a lot of other ways in this country and

we should not have to keep giving up in the context of other social programs and lose out as Ontario in terms of the training dollars, in this case, that we need." We went into negotiations—

**Mr Daigeler:** Are you coming soon to the end of your answer?

**Hon Mr Allen:** Let me complete the answer. I am soon coming to the end of my answer.

We set up, with the federal government, a set of criteria by which fair shares could be negotiated. We came to an understanding with them. As a result of that negotiation, on all the new dollars we could access under Bill C-21, we got 38%. We got the same percentage as our labour market share. They were prepared to do that. I think they were a little bit shocked that we went after it as hard as we did, but at the end of the day they talked turkey and agreed to give us our fair share. Under the previous program, some dollars were still locked in and it was impossible to move all those percentages. So at the end of the day we got 30% in the new agreement of the total training dollars as distinct from 24%. We also got an 83% increase, whereas the average for the other provinces was 42%.

**Mr Daigeler:** Again, I am obviously conscious of the fact that you are trying to get as much credit as you can for your particular effort on the deal.

**Hon Mr Allen:** I am trying to get as many training dollars as I can.

**Mr Daigeler:** I am not so sure whether you should give the federal government so much credit. Certainly the message that was given to the press—and I must say your spin doctors are pretty good at that—sounded very impressive when you were talking about Ontario spending \$700 million this year and the federal government spending even more and increasing its contribution by 83%. But really—I have to watch my language here so I am not unparliamentary—I think it leaves a misleading impression with the public, as though a lot of new money is being received when in fact it is just a redirection and, as you said yourself, a redeployment of moneys that otherwise would have been owed to Ontario.

Leaving this aside, I will now go back to the estimates book.

1700

**The Vice-Chair:** Excuse me, Mr Daigeler. I hate to do this, but do you think you could choose another word?

**Mr Daigeler:** I said "a misleading impression." Do you not think that is good enough?

**The Vice-Chair:** It is so marginal.

**Mr Daigeler:** Okay. If it is marginal, let me think of another marginal word.

**The Vice-Chair:** Could you say "a different impression"?

**Mr Daigeler:** A questionable impression?

**Mrs Cunningham:** It does not really matter because nobody is going to read what Mr Daigeler says today.



**Mr Daigeler:** A questionable impression. I may have an opportunity to repeat the same kind of point in different places, because I think it is an important one.

**The Vice-Chair:** Trying to keep the committee under the same rules as the House, I am simply requesting parliamentary language.

**Mr Daigeler:** Quite correct, Madam Chairman. If "questionable impression" is better, I will use those words.

On page 15 of the estimates, the communications services of the ministry, again as with an earlier column, I note that the actuals of the ministry's communications services last year were \$1.6 million, whereas the estimates had been \$2 million. Why are this year's estimates, 1991-92, not based on the actuals?

**Hon Mr Allen:** The increase, as I understand it, is principally in the area of the information technology we have been deploying in order to improve services.

**Mr Daigeler:** The point is I guess you underspent last year by \$400,000, but now this year you want to spend again what you were supposed to have spent or would have liked to have spent the year before.

**Hon Mr Allen:** I suspect it has to do with a project that was planned but did not get completed in that year and therefore is being completed in another year. Mr Hansen can help us with that one.

**Mrs Cunningham:** Here is your opportunity.

**Mr Hansen:** Mr Hansen will be of limited help on this one, thank you. You want to hear about employment equity.

**The Vice-Chair:** Mr Hansen, I would point out that we are down to the last minute of this portion of—

**Mr Daigeler:** Oh, really?

**The Vice-Chair:** Yes, so before you get into a long answer—

**Mr Hansen:** The major reason is that last year, because of an election, there were periods of time that monies were not being spent on communication activities.

**Mr Daigeler:** Is that good or bad?

**Mr Hansen:** It depends on your point of view, sir.

**Mr Daigeler:** You mean the election saved you \$400,000?

**Mrs Cunningham:** You should have them more often.

**The Vice-Chair:** Okay, that is absolutely perfect timing. We are now back to you, Mrs Cunningham.

**Mrs Cunningham:** I am not going to waste 30 seconds on Mr Daigeler's interpretation of what that announcement was last week. I really am not. I do not care what the interpretation is. I think if we got money for training—it could easily have gone elsewhere. I have to also compliment the government on finally getting a signed agreement, because there were many discussions when I was critic of the Liberals and they could not even get the agreement signed. So I just have to tell you that the 30 seconds are up and I will not go on, but it could be a lot of fun if I did.

I said in the House—and I mean it—that I really hope we are going to spend the money wisely, and I want to see it in numbers of people trained. It is as simple as that. On that point, with regard to a philosophical statement, because I think it fits in here in the question, one of the great concerns I have had as I have travelled around the community colleges—and, Mr Minister, I have not been to all of them. I wish I could say I had, because I have been doing this job for three years and I just have not been able to do that. But I will say there has been great criticism from the advisory training bodies themselves with regard to the colleges. In many instances, they feel they are not meeting the training needs and perhaps protecting their own turf, for want of a better word, with the people who are trained there now.

I look at that as being a delivery system. I am used to it because the universities could be looked upon in the same fashion—any institution would be. I think what we are looking for, now we have new training dollars, is a brand-new delivery system, certainly an advisory board to a delivery system. They have already made these statements, but it is a very political statement for a volunteer organization to make.

I am just wondering, in view of the observations we have had from some 11 of these training advisory boards that they are very concerned about the colleges and where they are spending their money on training, is this something that is going to be looked at with regards to this whole process of renewal?

**Hon Mr Allen:** Can I first of all give you my experience? It is, like yours, based on a range of contacts within the college system and with business people who are involved in seeking contracts with the colleges for training dollars or training programs; and sometimes we sit on the advisory bodies to the colleges themselves. I have been quite surprised at the enthusiasm many of them have with respect to what the colleges do deliver.

I have said to them from time to time that we all know the federal government is going to turn more of its dollars into private contracting around training. That would seem to suggest there is some unhappiness among the business community with regard to the colleges and what they are delivering by way of training on a day-to-day basis. The answer I most often get is that they have made a contract with the colleges to do that, and because they obviously have the experience, they have good training resources. The people they send there can get credentialed, the credential can be carried in the labour market and it is a good credential to have.

This tends to be the general answer, but I must say, like you, I have found from place to place and from time to time some serious criticism of a college which has failed to deliver. A contract has been arranged and then the workers in question got a training which basically repeated everything they already knew. When I hear that I report that back.

If you and Mr Daigeler pick up in your surveys of the college system a failure to perform, it would be very useful for us to get that information from you, to be able to track that down and find out why it is happening. Certainly,

from my point of view, I agree totally with you that if we have the dollars that we have, let alone the dollars we are getting, we want to get the best productive result out of those. We simply have to do that.

I do not know whether there are any comments. Perhaps Les Horswill, assistant deputy minister, would comment on that. It would be helpful.

**Mr Horswill:** Setting aside that we want to have competitive public institutions, the concern about colleges' quality, relevance and training certainly is an ongoing concern, and was a very important question before the previous training agreement when all the federal government's purchases were directly in our public institutions. They had an effective monopoly. In that case, concerns of quality could not be tested against alternative sources for federal training purchases.

Over the last five years, as you know, the community industrial training committees have had a developmental budget. It is a substantial budget now approaching \$60 million. They choose who the trainer is, and up to now they have been choosing public institutions. In this agreement colleges will have fair access to a bidding process for at least \$90 million in the third year of the agreement. While the ministries of Skills Development and Colleges and Universities take concerns from business and everyone else about quality seriously, we and the colleges have agreed to a model where they will bid fairly and demonstrate their quality in pursuing a very substantial pool of moneys fairly available to private trainers as well as public trainers.

1710

**Mrs Cunningham:** That is interesting. Therefore, if we are now in the business of bidding, which I suppose is something we should be trying, we have to look for better ways of delivering and ways of comparing and measuring. I think this will give us that opportunity. We are looking at college systems that are going to have to use staff who are presently there doing something, to get into the business of bidding. With your background, Minister, you know what that means when it comes to applying for research grants and otherwise. We would probably spend a third of our professors' time looking for money and another third spending it and another third maybe teaching and doing research.

One of the criticisms has been that if the courses at the colleges are not relevant—and this may be off topic, but you are still the Minister of Colleges and Universities—is there some way we can take a look at that as well during this whole process? Surely we are going to be talking about what is working very well. Do not get me wrong. I think I am a great supporter of the college system and of training programs, but I have probably seen in the last five or six years a tremendous change: There seem to be a lot less courses that provide direct training than there were maybe in the 1970s when the colleges were just beginning and that is basically what they did.

**Hon Mr Allen:** I think you are probably right. As you know, there have been major problems in attracting enrolments in technology programs, for what can only

be described I think as cultural reasons. There seems to be some return in that respect at the moment with new growth and new expansion in those programs in the colleges, but it would probably be safe to say that the numbers of programs, at least as compared with a few years ago, are probably somewhat down as some colleges have reluctantly closed out some programs that were otherwise necessary. That certainly has been a factor. I am not sure that was the main point of your question, however.

**Mrs Cunningham:** I think you have agreed with me basically.

**Hon Mr Allen:** Yes.

**Mrs Cunningham:** I would just make an editorial comment that when it comes to attracting enrolments, I think we would do much better if we started much sooner and started doing some of these training programs in our secondary schools. I am now talking about 14- and 15-year-olds, not even 16 and 17. I used to believe that. Now I believe 14- and 15-year-olds, which is a separate issue.

Some of the training dollars, it seems to me, are going into all kinds of language training in our community colleges. I am not certain if that has been targeted otherwise in the agreement. Has some of it been targeted for training and some of it for remedial language training? Is there a certain amount of money that has been divided out in the federal agreement?

**Hon Mr Allen:** There is a language component to the agreement. One of our principal objectives in going into the negotiations was to try to expand those dollars substantially, because the language component often is a very critical issue in terms of being able to access other kinds of training and certainly work and job placement itself.

What we discovered was that the federal government was not prepared to talk in the context of this agreement about new dollars for language training. We pressed the issue time and time again in the course of the negotiations, and the answer was always the same, "We have no mandate to talk about dollars for language training in the context of this agreement in terms of the new dollars." They did, however, signal that for their own reasons they would be happy to sit down and talk with us about that issue in a separate context, so we did manage to write into the agreement a commitment on the part of the federal government to sit down with us in each year of the agreement and talk about an agreement around language dollars. Another clause in the agreement also said that they would be quite happy to do that in the context of an overarching agreement around immigration. So there are in effect two possible options for us to pursue in the course of the next years, as the three years of the agreement proceed, to get into the dollar question around enhanced training for language programs.

**Mrs Cunningham:** Basically you are saying that the new dollars are for skills training and there really are not any new ones for the language component.

**Hon Mr Allen:** But there are existing and continuing dollars.

**Mrs Cunningham:** Yes, and again I would ask you to take a look at that particular budget, because certainly in



my experience as I have travelled the province, and been involved, by the way, in teaching it myself through secondary schools and in the workplace as a volunteer—there is a tremendous volunteer program, as you know, in London—I think the colleges have been criticized because of the expense of that particular delivery system and the numbers they have been able to at least tell us about with regard to how successful they have been. I am not denying the fact that it has to be done, but I think it can be done in a more efficient, better way, and I think we need Education to help us there.

I think we are missing a tremendous resource, and those are the volunteers in our communities, who would be so ready. If that same professor would train 15 volunteers, you could imagine the kind of ongoing work that would be done in any college system, and it could be one-to-one stuff as well as large classes. I think there is a tremendous model in one of the secondary schools in London, G. A. Wheable Centre for Adult Education, and I know other school boards do the same thing. It is something that has been going on in our communities for some numbers of years and it is a good model. Yes, it is true that people do not get paid, but there are a lot of people out there who want to volunteer their time in a meaningful way, and this is one where there is a growing need in Ontario, and especially in this particular greater Toronto area. We are just not tapping into the many people who sit home in the evenings who would long to help us in that regard. I personally am glad that there are no new dollars there yet, because I do not think we have evaluated what we have been spending so far on that particular one.

One of the great criticisms around the apprenticeship programs—maybe it is not a criticism, maybe it is just an observation and maybe it is a good thing, but as a mother I do not think it is a good thing. Our apprenticeship graduates appear to be very much older, by three or four years, than apprenticeship graduates in Europe, and even in the United States, I was reading the other day. Certainly I cannot be specific with the US, but I could be more so with France, Germany and the UK. There are many studies that tell us this.

We are told that we have the most expensive education system in North America. Whether that is true I do not know, I would like to see what the numbers are like, but it is expensive. Maybe our young people are allowed to stay in school too long. I am the mother of a couple that in my view will be there for ever, but the point is that it is expensive, and will they ever make a contribution and is this all attitudinal stuff? I do not know, but perhaps you could respond to that, because that is another way of allowing more training dollars for people if others are not taking up so many of them.

**Hon Mr Allen:** I am not sure what all the factors are, and perhaps some of my staff would have a better answer than I with regard to the older age of apprentices coming into the apprenticeship system, but one observation is certainly relevant: Because the youth cohort is a smaller and smaller proportion of the overall labour force by virtue of the way in which the baby-boom numbers have moved through the labour market, one is having to access older

workers for retraining, and apprenticeship therefore comes, in a sense, under that rubric as well.

We all are aware of the high numbers of youth unemployed, for example, which tells us that, for whatever reason, and reasons we have not tackled well, I think, in the past, that younger age group from 16 to 24, which is the lower group in the labour market, has somehow had great difficulties over the past decade in general in accessing employment to get launched into the options for apprenticeship. In that sense, it is perhaps not surprising that the apprenticeship figures are older, but there may be some other reasons that I have not been quite so conversant with.

1720

**Mr Horswill:** American states are different, but we believe that the age for American apprentices versus Canadian apprentices is remarkably the same. It is unacceptably high—it is in the mid-20s—and that is probably the single biggest problem for expanding apprenticeship in terms of the cost it is to the system and to employers.

The general point about the age being so much higher than Europe, simply stated, is that, since we do not invest as a society as extensively as, for instance, Germany does in the infrastructure of counselling and transition programs from the high school to the workplace, employers principally drive, appropriately, our apprenticeship system, since they pay for most of it, and they rely on labour market experience and high school graduation in the recruitment of an apprentice. That requires an individual to have a track record in the labour force, and usually a high school graduation. It in fact means that apprenticeship is a system of creaming. Before an employer takes on an apprentice in the traditional trades, he wants to know a lot about the individual, which makes it very difficult to be an easy program for transition from school to work. The age is a dramatic symptom of how narrow that program is for young people in our high schools.

**Hon Mr Allen:** We need to add some new dimensions to our program to get them in earlier and better—

**The Vice-Chair:** We are actually about four minutes over.

**Mrs Cunningham:** Mr Daigeler had 30 seconds, so I am going to take another question.

**Mr Daigeler:** The average age of the apprentice in Germany is 17 years; in Canada it is 26 years.

**Mrs Cunningham:** I read that too. On this point—

**The Vice-Chair:** No, excuse me.

**Mrs Cunningham:** Just to follow up on this one so we do not lose it?

**The Vice-Chair:** What happens, Dianne, if we do that, is that the whole system breaks down. You are quite welcome to follow up in the next rotation, in fairness. The committee has agreed to do this.

**Mrs Cunningham:** I would not want the system to break down. I mean, this is such an important system, is it not?

**The Vice-Chair:** There is only one way it works, and that is that we keep to the routine the way we have been

doing estimates for the last month. Mr O'Connor is next in the rotation.

**Mr O'Connor:** If I can continue along the same line as Mrs Cunningham has been proceeding, the apprenticeship programs and some changes to it; they seem to be needed. One thing I noticed going through the estimates book was that towards the back there is a provincial advisory committee that provides information and updates on 68 trades that currently service Ontario. I am just wondering how that all works in regard to—we have 27 field offices. Do they work jointly or separately in sharing the information?

**Hon Mr Allen:** You mean the provincial advisory committees and the regional offices?

**Mr O'Connor:** Right.

**Hon Mr Allen:** Let me say first of all, by way of prefacing, and then we can perhaps call somebody forward to respond in more detail, that on the actual mechanics of how they work the whole provincial advisory committee system had, I would say, almost broken down in the course of the early and middle 1980s. As a governing structure for the apprenticeship system it badly needed renewal. It has only been in the last couple of years, under the previous director, Mr Landry, who is with us today, and continuing under Mr Zisser, who is the current director of the apprenticeship branch, that the whole process of recreating the provincial advisory committees so that we have real, living, active tradespeople who know the trades giving us advice region by region across the province, would be in place to help us launch the major apprenticeship reforms that we have to have, that have to be built on knowledge and experience and people who are genuine tradespeople.

Mr Zisser would probably be happy to tell us more about the ways in which the structure works and the way the committees interact with the local regional offices and how they go about their business.

**Mr Zisser:** Provincial advisory committees, of which we now have 20 for the trades, are established under the act and they are required to have no fewer than five members, made up of an equal number of representatives of employers and employees, and in general they have a group larger than that. It is their responsibility basically to advise on all aspects of the trade and they provide advice to the minister on those matters.

The nomination of individuals on committees is solicited from a wide variety of stakeholders, including industry associations, employer-employee associations, unions, CITCs, community groups, equity groups, training delivery agencies and apprenticeship and client service field offices. That is how the names of individuals are then put forward.

In selecting individuals, the candidates are selected on their ability to provide quality advice and/or technical expertise on training issues, the representation of a constituency group or of a geographic, urban or rural area, the size and type of company or service they represent and the target groups they represent, so we do try to achieve, within that mix, some representativeness.

**Mr O'Connor:** How does that information flow back through to the ministry and to the field offices?

**Mr Zisser:** The provincial advisory committees are charged on an annual basis with considering some key questions about their trade and then providing that as advice to the minister. At their meetings they make formal recommendations, and those recommendations are relayed to the minister and formally responded to.

In addition to the provincial advisory committees that are essentially charged with the wellbeing of the entire trade—that is, say, the trade of motor vehicle mechanic—their function in that area has a lot to do with the setting of standards, to make sure that those standards are up-to-date and are being modified in light of technological change or other circumstances, but at a local level we also have local apprenticeship committees.

These committees operate in a manner that is much closer to the actual delivery of the program, and the client. These are the committees that, for example, would carry out functions such as apprenticeship appreciation dinners, where the graduating class of apprentices is honoured and recognized for achievement. They are also actively involved in ensuring that apprentices continue and complete their training. For example, an apprentice—as has happened under the laid-off apprenticeship initiative—may be able to be indentured to such a committee for continuity of training. They also take an active role, particularly in the metal machining area, of moving an apprentice from employer to employer to ensure that he or she is exposed to all facets of the trade. They are the people at the front.

This system, again, while it is envisaged in the legislation, is one that has not been aggressively promoted over the past 10 years. We are now in the process of going back to those groups and determining what we can do to strengthen those arrangements, because it would and does in fact encourage that kind of direct community ownership and involvement of the employer and employee with the apprenticeship program.

**Mr O'Connor:** In light of the changes, then, from the CITCs, there seems to be an evolution now going to the local boards under the OTAB. Can we then see some sort of evolution where the boards, almost having stalled and now being returned, are going to fit into the OTAB? Will that happen? Will that gel so that we can get the best out of the information out there that we can access?

**Hon Mr Allen:** Without presuming or prejudicing the outcome of the consultation around the OTAB structure, I think it is broadly assumed by most people who were involved in the discussion that the OTAB structure will have, under the board, a series of specialized concerns that will deal with things like workplace training, adjustment procedures, apprenticeship, entry/re-entry training, and eventually, if that thinking prevails in the course of the consultation, apprenticeship will become the responsibility of the Ontario Training and Adjustment Board.

By the same token, the local boards will be very actively related to the local governments and promotion of all apprenticeship training.



1730

**Mr O'Connor:** As we see the trend as a result of whatever—I suppose we could say free trade—the de-industrialization that has taken place, the ways of smokestacks and the bending of steel seem to be rapidly disappearing. I suppose some of the trend to older apprentices could be as a result of some of that, because we are using some of the expertise there. As we take a look at the lifelong learning aspect of training, is there any way your ministry is tied there so that we make sure the skills that are necessary for the future are going to be there, such as literacy in mathematics; is there some way that it all ties together?

**Hon Mr Allen:** Yes. What we try to do in the context of the in-school portion of the training, for example, is increasingly to build in generic skills components and make them available as part of the training packages so that the skill dimension is enhanced as well as the job-specific skill and the trade-specific skill.

The college system, where much if not virtually all the in-school work takes place, is admirably suited to providing that kind of generic skills training as well, so in that sense, yes.

The question of lifelong learning is perhaps a larger question, in terms of capacity to access a whole range of learning options in the broad training education sector. It is for that reason that we are trying to tighten up all our credentialing and our standards in the whole college system, for example, so that people will have readier movement and access through and into each of the major education sectors in the province. That really is a major challenge among the things we are doing in that regard.

For example, there will be the creation of prior learning assessment institutions that will enable people who come from one background and want to access the training program in a college or university, to have any prior learning they had done in another mode of training somewhere, somehow, credentialed and credited towards their programs. The whole concept of lifelong learning is to make the whole learning process and the institutions more fluid and accessible for people to be able to move laterally, vertically, through them.

**Mr O'Connor:** As a way of tying that together with my questions around apprenticeship, then, coming from an automotive sector, I have seen layoffs take place in apprenticeship programs where, upon completion of their training, people leave without a proper certificate that it is applicable in other jurisdictions. Maybe it is going to happen through OTAB that a certification program is going to include apprentices from all different sectors. An electrician trained through an automobile assembly plant in Oshawa should be just about as qualified as any other electrician to service some other manufacturing sector. It is not an approved certificate.

**Hon Mr Allen:** That is a very live question, and I will ask someone else to answer it fully. Part of the answer is making certain there are core curricular requirements that are central to all apprentices, for example, so that there is a

base in each of them that it is possible to build on, in terms of the specific trades.

Second, there is the development of the multiskilling apprenticeship programs, which look at putting together the variety of skills that are often necessary on the shop floor so that one does not have to pull in another trade and another person and the dump time and downtime and all the losses and inefficiencies that result from that.

There are a number of questions that still have to be resolved across a number of trades, in terms of how portable you can make the skills packages that people acquire in the context of one apprenticeship training, to carry into another to get credit, and then build on that to have another skill, which is credited to them as a result of further training, and get the efficiencies they need out of that in the training system. That is all a very active agenda with us right now, and it is critically important to move ahead with it.

**Mr Horswill:** Just to add to that, ideally we want to establish the same regard for an employer-established multiskill base as the normal regulated trades do. That would be an ideal objective where the skills, formal training and experience with certain bona fide employers would be equivalent in the marketplace, as credible as the regulated trades.

Just to add to your earlier question about the relevance of apprenticeship to laid-off workers, in particular older workers, the first priority of the involvement of both governments obviously is to help them find employment. That, with the displaced worker, is a priority of the new training agreement. A whole range of programs will help that individual in Ontario. The lead on that is the Ministry of Labour and a program we are quite proud of, the \$5,000 voucher program for workers over 45.

At present, without pre-credentials and so forth, apprenticeship obviously is not an ideal program for a 55-year-old worker who is looking for employment. It is three to five years of training. While the agreement provides full income support during that period of training, more efficient models will more likely be used to establish the employability of that worker, who is a very high priority of the training agreement.

**The Acting Chair (Mr G. Wilson):** There is still time for a short question.

**Mr O'Connor:** Could you talk about the program and making it more accessible to minority groups? I noticed in here the natives, women, etc.

**Hon Mr Allen:** I think I commented on this earlier in terms of the way in which the agreement itself focuses on that question, and also in terms of the dollars we put aside, \$1 million, for pre-apprenticeship work to enhance access among visible minorities, women and equity groups. If there is some detail about how that works, how that actually plays out in terms of a search for candidates and trying to find candidates to take up those options, there may be something more that can be said than I have said.

**The Acting Chair:** I am sorry, minister, but it was a short question. We had time for a short answer. At least

you have given us the direction in which we are heading. We can follow that up.

**Mr Sosa:** When we come around in the next cycle, I will probably respond to that.

**Mrs Cunningham:** We do not want the system to break down.

**Mr Daigeler:** I want to get back to the communications section in here. In the initiatives there is a rather good description of how a government should prepare the public for its programs. It is pronounced in a very bureaucratic, objective fashion. I could think of some different ways of expressing it, but again, it probably would be unparliamentary so I will not do it. On page 16 at the bottom, it says one of the initiatives the communications service is involved in is to participate "in the development of labour market initiatives to be proactive in creating productive dialogues"—listen to this now—"and receptive environments for the ministry's programs."

As I say, I could think of using different words for what that really entails. In any case, I would like to know what the consultations are that you are presently involved with, who the client groups are and what the projected costs of these consultations are in the upcoming year. You could give me a preliminary answer and provide me with—

**Hon Mr Allen:** There is a broad range. I will ask the staff to respond to that, because there is a huge range of consultation that goes on all the time out of regional offices in the context of the apprenticeship programs and all the training agreements, which are indeed productive dialogues and do attempt to create receptive environments.

1740

**Mr Daigeler:** I am looking for those that you have budgeted. I wonder if these will be ongoing initiatives that you do not normally budget for. Are there any that you have budgeted for? Which are they and what are the costs?

**Hon Mr Allen:** Let me ask our director of communications to respond to you directly on that question.

**Ms Fraser:** I am Susan Fraser, director of communications and marketing. The most important point to make is that what we are attempting to do with all our communications is to work much more in collaboration with all of our stakeholders. That kind of discussion does not have a cost; it has a cost in time and it has a cost in effort.

One of the things we now do, for example, working with the provincial advisory committees, is that we in the communications branch actually go out; we are part of those meetings. We ask for their advice and counsel as to how we can be much more effective as a partner in communicating both to their members, the people they are working with, and to the people who they see as what I call "influencers." There is not a cost against that. If I can reiterate, the cost is in effort, in our being accessible, in our going out to be very proactive in asking for their advice and counsel.

**Mr Daigeler:** I appreciate that and I regret that I have to push on a little bit, because obviously we get a limited

amount of time to ask the minister questions and I have all kinds of questions still to put forward.

Again, while I appreciate the general direction in which you are trying to stay in touch with the public, I am interested to know specifically whether you have budgeted for specific consultations, what these consultations are, with whom, and what the budgeted amounts are for that, if any.

**Hon Mr Allen:** We will get back to you with some estimates on that if it is possible to cost some of it out.

**Mr Daigeler:** To move on to a general question, I understand the Treasurer has indicated that in addition to the 5% overall reduction that each ministry has been asked to look into—

**Hon Mr Allen:** It is 0.5%.

**Mr Daigeler:** The information I have here is that the Treasurer has indicated that each ministry will be required in the next year to reduce its budget by 10%.

**Hon Mr Allen:** You are speaking of the next budget year.

**Mr Daigeler:** Right. Right now, I understand, in 1991-92 it is 5%—I think it is more than 0.5%—and that next year it would be 10%. Each ministry is asked to reduce its overall costs by 10%.

**Hon Mr Allen:** Yes. I thought you were talking about the recent adjustment process which, for example in the Ministry of Colleges and Universities was 0.5%.

**Mr Daigeler:** If you are in fact looking at an overall reduction of 10%, which areas are you thinking of at the present time?

**Hon Mr Allen:** It will be difficult to intelligently discuss that question without speaking in terms of the developments around the Ontario Training and Adjustment Board, what happens by way of the movement of programs out of ministries, for example, towards that board. All that would impact severely on the budgets of ministries that are engaged in training. So that is an unknown and not predictable factor at this point in terms of our projections for our next year's budgets.

The best response is simply to say that globally I do not anticipate any reduction in the investment in training in Ontario through any of the current training programs. That can well be borne out by the simple fact that we have just got the agreement with the federal government which will enhance the whole training agenda in Ontario. I certainly cannot see this government investing less in training when it is such a central part of the whole economic renewal process.

**Mr Daigeler:** I agree with you there. It is good to hear that and I will certainly support you on that and we will see whether the Treasurer feels the same way. Sometimes the critics can be helpful in your battle at Management Board. I am sure Mrs Cunningham will agree on that. We can push you and if you can push the Treasurer for that particular dossier, so much the better.

**Hon Mr Allen:** No question, by all means.

**Mr Daigeler:** To move on to policy and programs now, we have not received very much information either in



the estimates book or in your opening speech on the Ontario Training Corp. Although I realize there is some reduction in the investment funds, nevertheless there is over \$6 million being spent there. I would like to know in some detail how that money is being spent, because there is not really any description in the estimates book.

**Hon Mr Allen:** We can certainly give you that in some detail, but as you know, the activities of the OTC have been focused on three major projects.

The first has to do with the development of training technologies. The major aspects of the training corporation's activities are focused around investments in new training technologies which then can be saleable and publicized for trainers in Ontario.

The second has to do with training the trainers. How do you enhance the skills of those who are engaged in the training process so that at the end of the day those who are trained are better trained? Are the skills that are most appropriate to the sector those for which the training is taking place?

The third has to do with the whole area of developing databases for accessing the training that is available at large in the province, and that of course is the whole SkillsLink undertaking. So in terms of the global dollars you referred to, those are the three major enterprises that are being pursued, and each of them I would have to say, pretty vigorously.

**Mr Daigeler:** I presume the minister is aware that the standing committee on public accounts did an examination of this particular initiative by the Liberal government actually, and there were some questions raised about the existence of this institution. I am wondering, seeing that he is in a new government, what the minister's own view is of the Ontario Training Corp and whether he sees a future for it.

**Hon Mr Allen:** I must say on the lighter side that when I came into this office and discovered I was the only shareholder of a major corporation, it gave my democratic socialist identity a bit of a jolt. I do not think there is any question that the OTC has done some very valuable work in each of the three areas it has pursued.

It has recently, for example, produced a major study on training the trainer which is now in significant demand as a document because there has not been a lot of work done around training trainers. Likewise, the SkillsLink database on accessing training has 76,000 entries at this point in time. It is being used very widely and increasingly widely across the province and is, in fact, the subject of some imitation across the country.

1750

I do not have a major problem with what OTC has undertaken, but at the same time there are two or three things that need to be recognized. One is that it has had some difficulty generating the confidence of the labour movement, which has not maintained its representation on the board. Second, in itself it is not the comprehensive umbrella training institution that we want to see in place, which in other words is the Ontario Training and Adjustment Board.

If you assume that we are going to complete the development of that training board, then you have to ask the question: Do the activities of the Ontario Training Corp make sense apart from the board? One would have to say there is at least reason to think the activities might be better pursued under that other heading. But that is a subject of the consultation and that is a subject for subsequent decision and not a decision that anybody has made at this point in time. I want to reinforce that I value very highly the work that has been done in those three major areas that were given to the Ontario Training Corp.

**Mr Daigeler:** I am pleased to hear that. You did not mention one area which we had hoped for, and that was that it would be self-financing after a while.

**Hon Mr Allen:** The SkillsLink project?

**Mr Daigeler:** Yes. They have been kind of low, but I am glad you are saying that generally the initiative was worth while and it has your support. I have to move on. How much more time do we have?

**The Vice-Chair:** About a minute and a half.

**Mr Daigeler:** Since we are not coming back this week, I will leave with the minister a copy of the letter I received through my colleague Greg Sorbara from a service called Times Change Women's Employment Service. Again, this relates to your interest in strengthening the training and workplace preparation for previously underserved groups.

They are asking why they are not able to receive any base funding. They have received some funding, but they are looking for permanent funding, especially in view of the new government's interest in providing—and this is precisely what they are doing—comprehensive employment and educational counselling for all women. Could the minister take a look at this and tell me whether he is looking at base funding for this organization or organizations of this nature, and if he is not, why he would not? I leave that with the minister.

**Hon Mr Allen:** Thank you very much. We will follow that up and have something for you next time.

**Mrs Cunningham:** My colleague from the Liberal Party will, I am sure, by the end of these estimates agree with me that he has had ample time to ask questions with regard to the provincial-federal agreement. I know we have jokes back and forth from time to time, but when I said this was a landmark agreement, I really meant it. The only way we are going to improve and start acting upon, in a more efficient and effective way, the training in our province and our country is to work together, no matter what political party—I mean that—and no matter at what level of government.

I was very pleased to see the objectives with regard to—in your words, Minister—the need for people to be able to move across not only the interprovincial stuff, but within the trades themselves and get credit for courses.

That is the same with regard to colleges where we have young people moving from province to province right now and we make them go to school for a year longer. It is absolutely ridiculous, but I have been saying that for a long time. Maybe we will get something done. I do not

know. With your background and your professional role previous to coming to this tremendously responsible position as minister, perhaps you are bringing a lot to the job that maybe others have not. I am hoping you do and that we will get something done.

I was just looking at the estimates for 1988-89. I could give you some wonderful quotes from those days too, and some of them were yours as a matter of fact, so I will hold you to them. I have to say that I am so tired of asking the questions. I just want to see results. This agreement talks about interprovincial standards. It talks about reducing the dropout rate in the apprenticeship programs. It talks about improving access. It talks about the removal of barriers. It is more language and more rhetoric, but it is a signed agreement. From my point of view, in representing the public, I am going to make certain that we are accountable.

I can do that here in Ontario, as you can, and I hope I can be helpful if you need me with regard to our federal colleagues for the next decade, Mr Daigeler.

**Mr Daigeler:** I know there is a lot of hope here, but that is going too far.

**Mrs Cunningham:** Maybe so, but you have to take a look at what you are going to get instead in life some days. That is what I look at, and I continue in my role as the member for London North with that objective.

With regard to the labour movement, which was the last discussion, as a person who employed a number of people in an agency in London, where I worked very closely with both the college and the school boards in work placement programs and actually a couple of apprenticeship programs when it came to maintenance and work with food services and what not in this institution, one of the great concerns I had was actually at the negotiating table.

The employees would tell us how unhappy they were that we had these individuals working, because they thought they would take away jobs. You know about those things, and that probably only happened in the 1960s and 1970s, but reassure me that this is the kind of discussion we are going to have with regard to accessibility for young people in training programs during the discussions around this advisory board, because surely that is what is going to come out. Will we be free to talk about those kinds of things, in your view?

**Hon Mr Allen:** You are talking about an unwillingness to accept young people in workplaces on co-op programs?

**Mrs Cunningham:** It was, in fairness, co-operative education programs. In today's world, I believe in that same institution there are a couple of people in apprenticeship training programs. It may not be the correct word, but

they are definitely getting credits towards an apprenticeship in food services.

Now, it is not so in that institution, but it is in others. As I have travelled about, school boards have said they are having difficulty in finding placements for a lot of reasons, and no one would know better than your own staff. That is a real challenge. I can tell you, as a supervisor of those people, that they were coming in to help and we were grateful for their support. But on the other hand, it was an equal bargain and it was my responsibility to give them supervisor training. It was a reciprocal kind of thing, and nobody could possibly take anybody's work because it took a lot of time to supervise the extra person who was within your realm of responsibility when you took on that tremendous responsibility with young people.

I am saying that was an item on the negotiating agenda. Anybody here who has been involved in those kinds of programs knows that is not unusual. I am hoping it is less usual today than it was when I was involved, up until 1981, in that.

**Hon Mr Allen:** It is a changing world and we all have to bend. Workplaces, collective agreements are going to have to take into account the growing presence of placements in the whole world of school-to-work arrangements that are out there and will be out there in greater numbers as the years go by.

From my point of view, one of the ways in which we can tackle the whole dropout question, for example, is quite simply to link those last years of school to work for many students in a much more dynamic and effective and accepted way. That is going to mean more placements of young people in more workplaces, and the regular workers in those places are going to have to be prepared to accept it as part of their social responsibility, really, to help facilitate the movement of young people out of their school experience and programming and into the workplace, to learn those new skills that are necessary to help them be productive employees.

I have not seen a survey which tells me how big a problem that is. It would be interesting to know whether that is a major problem in workplaces where such placements take place, and if so, to discuss with the unions involved in the negotiations, for example, to get them, broadly speaking in terms of their policies, to accept those kinds of placements as part and parcel of their responsibilities too. I am not sure how far that may or may not have taken place to date, but I again would be interested in knowing that to get a bit of a read on the problem you are telling me about, because it is important.

**Mrs Cunningham:** As always, I appreciate your straightforward answers.

The committee adjourned at 1801.



## CONTENTS

Wednesday 30 October 1991

Ministry of Skills Development . . . . . E-587

### STANDING COMMITTEE ON ESTIMATES

**Chair:** Jackson, Cameron (Burlington South PC)

**Vice-Chair:** Marland, Margaret (Mississauga South PC)

Carr, Gary (Oakville South PC)

Daigeler, Hans (Nepean L)

Farnan, Mike (Cambridge NDP)

Johnson, Paul R. (Prince Edward-Lennox-South Hastings NDP)

Lessard, Wayne (Windsor-Walkerville NDP)

McGuinty, Dalton (Ottawa South L)

McLeod, Lyn (Fort William L)

O'Connor, Larry (Durham-York NDP)

Perruzza, Anthony (Downsview NDP)

Wilson, Gary (Kingston and The Islands NDP)

**Substitutions:**

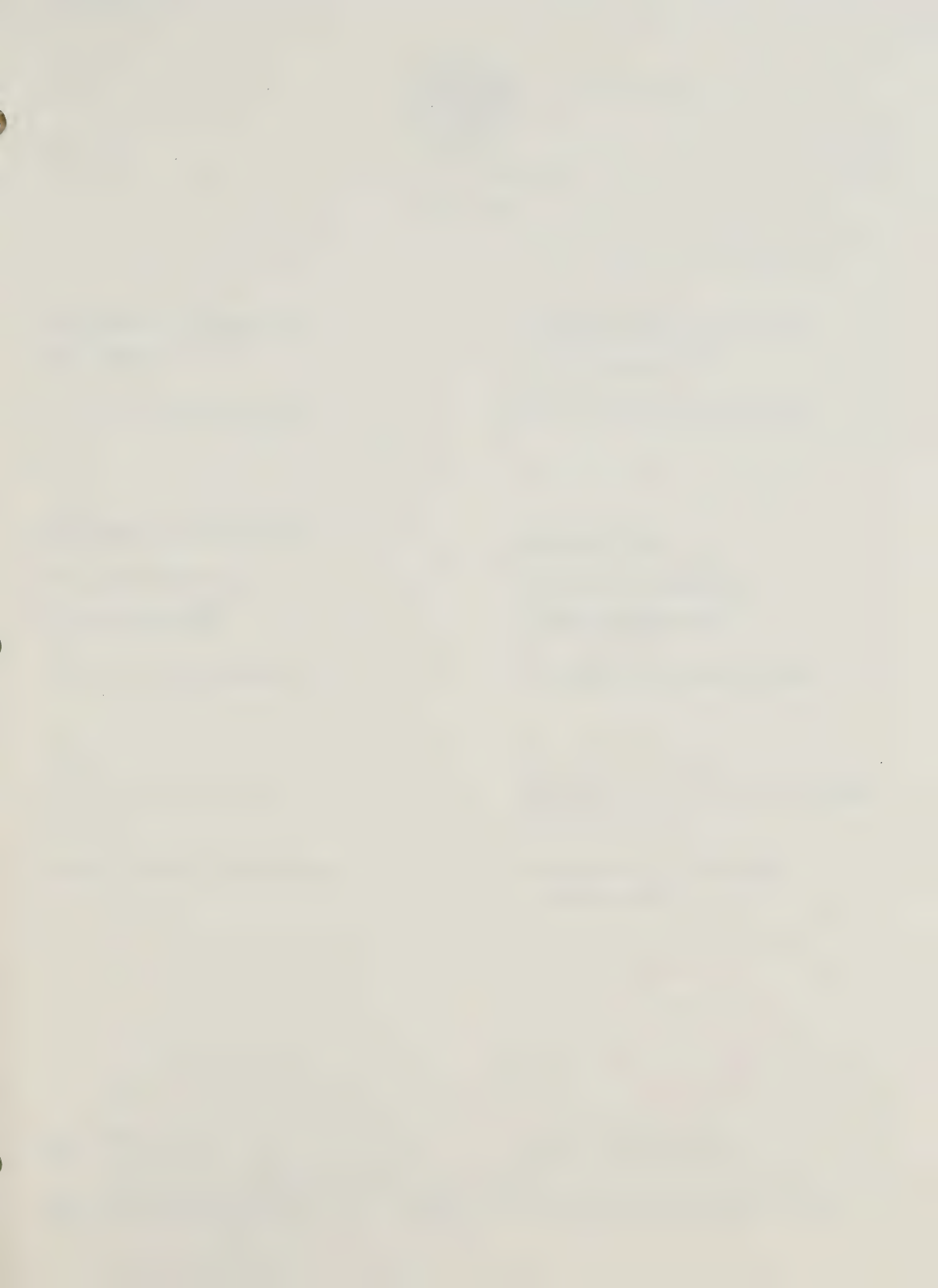
Cunningham, Dianne E. (London North PC) for Mr Carr

Hayes, Pat (Essex-Kent NDP) for Mr Farnan and Mr Johnson

**Clerk:** Carrozza, Franco











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## Legislative Assembly of Ontario

First Session, 35th Parliament

## Official Report of Debates (Hansard)

Tuesday 5 November 1991

### Standing committee on estimates

Ministry of Skills Development

## Assemblée législative de l'Ontario

Première session, 35<sup>e</sup> législature

## Journal des débats (Hansard)

Le mardi 5 novembre 1991

### Comité permanent des budgets des dépenses

Ministère de la Formation  
professionnelle



Chair: Cameron Jackson  
Clerk: Franco Carrozza

Président : Cameron Jackson  
Greffier : Franco Carrozza



## Table of Contents

Table of Contents for proceedings reported in this issue appears at the back, together with a list of committee members and other members taking part.

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## Table des matières

La table des matières des séances rapportées dans ce numéro se trouve à l'arrière de ce fascicule, ainsi qu'une liste des membres du comité et des autres députés ayant participé.

Il existe un index cumulatif des numéros précédents. Les renseignements qu'il contient sont à votre disposition par téléphone auprès des employés de l'index du Journal des débats au (416) 325-7400.

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON ESTIMATES

Tuesday 5 November 1991

The committee met at 1536 in committee room 2.

### MINISTRY OF SKILLS DEVELOPMENT

**The Chair:** I call to order the standing committee on estimates. We have reconvened today to complete the estimates for the Ministry of Skills Development. First, I would like to thank the ministry staff, who have diligently responded to and tabled for committee members answers to the questions raised by Mrs Cunningham, the Progressive Conservative critic.

Minister, do you want to comment on these responses, and does staff want to indicate whether these are all of them or whether there are still a couple yet to come?

**Hon Mr Allen:** These are all questions requested. We are happy to provide the answers to the committee and to the critics for any further questioning based on them, as they see fit.

**The Chair:** Thank you very much. As Chair, I have consulted each of the caucuses and I wish to advise you that we can anticipate a vote at 5:45. By prior agreement, we will adjust our schedule slightly for the balance of this afternoon's committee hearing so that we are in a position to have our final votes at 5:45. If there is no objection to that, I would like to proceed, with the committee's permission, to recognize Mrs Cunningham for a 20-minute session, and then we will go in sequence.

**Mrs Cunningham:** I am somewhat overwhelmed, and probably the ministry staff was somewhat overwhelmed, with the number of questions. That shows we did look carefully at the estimates. I would like to thank the staff very much. The responses are not only helpful to me, but as one of my colleagues, Mr O'Connor, has advised me, they are helpful to all of us as we try to explain the intricate workings not only of this ministry but of the government.

I had planned to ask the questions today, but since we have some of the responses, I think it would be probably more useful for me in the few minutes I have to ask them to expand on the answers, even though I have to admit I have not had a chance to really look at them. Perhaps whoever is responsible could help me out a little bit.

One of the issues I was most interested in was the number of clients. My question has to do with page 35 of the estimates. I cannot figure out what numbers these are, so perhaps someone can help me.

**The Chair:** We have someone to rescue if you would identify yourself.

**Mrs Cunningham:** Never mind. I have actually figured it out, which is very unusual. Regarding question 1 or 2, I am interested in the graph, which shows that the number of clients served by the training consulting service continues to exceed the annual target of 10,000 clients set for the program when it was first established. I wonder whether

this is a message that the government is getting wise as to the real need, or is it going to change programs around? Is this useful or are we going to stay with that target? Just how is the government going to respond with regard to that number?

**Mr Tuohy:** I am Walter Tuohy from the skills development consulting services. In retaining that particular number in terms of targeting, the intention was really to achieve a holding pattern. Given the changes in our program under priority management this year, we were not quite sure whether there would be some significant reduction in the number of clients as we adjusted focus towards associations and sectors which would be, in absolute terms, a reduced number of clients but in real terms a larger catchment area for people to be trained. We did not want to arbitrarily reduce that number because we just did not know.

**Hon Mr Allen:** I may be wrong there, Mr Tuohy, but is it not true that under some of the new sectoral arrangements we have, some of our clients represent larger numbers of employees and therefore there are a greater number of people served, even though the numbers of clients remain roughly the same?

**Mr Tuohy:** That is quite right.

**Mrs Cunningham:** If you are doing more work with the same amount of dollars—

**Hon Mr Allen:** What could be better?

**Mrs Cunningham:** Well, as long as it is quality and we are not stretching ourselves too thin like social workers have to do.

**Mr Tuohy:** We are conscious of the quality issue. We are willing to accept that reduction in number because additionally, with the new focuses on our programs, we are trying to give more time to the individual client to give him or her a higher-quality service in terms of overall human resource development issues.

**Hon Mr Allen:** Certainly the sectoral approach has rationalized the delivery of service quite remarkably in terms of our ability to serve large numbers of employees through the individual industrial sectors by striking major agreements with groups of employers who work together in a bipartite way with their employee organizations to deliver on a joint basis to the whole industrial sector. That is a great multiplier device for us that we are exploiting as rapidly as we can.

**Mrs Cunningham:** I am moving, not for any reason except my own interest, to question 7, which has been one of ongoing concern to me, and this is the women's access to apprenticeship programs. I see that we do have more female apprentices. The number I was looking at was 1,030, and now we are saying 2,370. Can you speak to how you would

try to improve this or what plans the government has to make more apprenticeship programs available to women?

**Mr Fields:** I am Bill Fields from the apprenticeship branch. Increasing the number of women in apprenticeship goes right to the core of a lot of attitudes our society has and the kind of roles and jobs which are appropriate for men and women. That is really what we have been addressing over the last several years and what we will continue to address. We have our own apprenticeship field staff working at this issue, and as I believe you are aware, we have a number of projects across the province that are specifically dedicated to identifying more women to enter apprenticeship and more unions and employers to train women in apprenticeship. They initially had a two-year life on the projects, and 25 of the projects have now been extended for an additional two years. Additionally, we have increased our staffing in the field by five industrial training consultants, one in each district, who will provide better co-ordination within their district around these projects.

I think what we have been seeing over the last short period of time are some fundamental changes in a lot of attitudes. Employers and unions that previously were very restrictive in terms of hiring practices are coming around now. Of course, our timing in terms of the recession is not helpful; things are down. But the feeling right across the province is that as the economy picks up, we should see a real jump in the number of women apprentices. I think we have been pretty good during this period of time in retaining women who are in apprenticeship. I cannot give you hard numbers on that, but from talking with our co-ordinators across the province and our industrial training consultants, they are not seeing a lot of dropouts right now.

**Mrs Cunningham:** Okay. Perhaps I could explore with you one of the observations you made which I think is key, and obviously you are out there, so you know. This whole question of attitudes—and I guess I could ask it in a couple of ways, and perhaps the minister will jump in as well—attitudes begin at a very early age with children. They are often influenced very significantly by the attitudes of their own parents. When we talk about what influences young people to choose their careers, people say that their first influences are their peers but very closely thereafter are their parents.

I am just thinking that perhaps some of the training dollars should go into solving our greatest problem, that of the way people feel about having their children go into apprenticeship programs. You have mentioned the attitudes of unions and employers, and I know you are Skills Development, but since the Ministry of Skills Development seems to be making some gains in those two areas, perhaps the next gain ought to be in the school systems that can relate to families themselves. I am just wondering if your ministry has influence on that, either with your own dollars or by influencing other ministries, and whether the minister thinks this is a priority area for some of the money that has come from the federal government with regard to the new dollars for skills training.

**Mr Fields:** Again, our own staff are out in the schools throughout the province talking with teachers, guidance

counsellors, home and school associations and with students on career days. As well, the women's access co-ordinators are very aggressive around this, trying to influence attitudes both at the elementary school level and at the secondary school level. In addition, through the community industrial training committees and the Skills OK marketing campaign, they are going out and trying to influence the students, parents and teachers around skilled occupations, that they are good occupations and should be considered.

**Hon Mr Allen:** It is perhaps worth noting that, as in the colleges and universities sector and around non-traditional programs in the universities like engineering, yes, doing sort of broad-brush public relations things around that does have some effect, but unless you are prepared to get into some of the early-year attitudinal formations in the school system, you are still going to be in difficulty, and more of our attention is certainly being devoted in that direction. I know the Ministry of Education has paid some attention, but whether it has paid enough to introductions to technology and so on in kindergarten and the primary years to familiarize children with the kinds of activities, relationships, handling of materials and so on that are necessary to develop just a feel for the subject, whether enough has been done in that quarter might well be asked. It might be something we might well explore further.

Perhaps Mr Fields also knows the statistics on the numbers of women in pre-apprenticeship programs which we have in place across the province to provide women with initial skills so that they are then employable and then in turn can be employed in an apprenticeship. That is often one of the big hurdles women have to get over in order to get into an apprenticeship in a non-traditional trade.

**Mr Fields:** I cannot give you an exact number, but what I can tell you is that the women's access co-ordinators have identified that about nine out of 10 women who are coming to them interested in apprenticeship do not have the necessary prerequisites, especially in math and science, familiarity with tools and a general feel for the trade areas. Through the enhanced access fund we are making available preparatory training for about 400 women this year, in addition to which we are working closely with local Canada Employment centres of the federal government through their adult training programs and arranging preparatory training programs, and also through the community industrial training committees. There are hundreds, if not thousands, of women in these preparatory programs right now. As I say, I cannot give you a precise number, but again that is where we see this should take off as the economy turns, because we will have many more apprenticeship-ready women at that time.

1550

**Mrs Cunningham:** I thank you for the question. In my role sometimes I do not ask the bright questions. That is the biggest problem we have as politicians, so thanks for that one.

Although I am asking specific questions about women, I am interested in the whole picture of apprenticeship training. Perhaps this question would be more appropriately put to the minister. When we start talking about prerequisites such as math and science and hands-on experiences with



tools, we are talking about 12- and 13- and 14-year-olds who ought to be having these goals in mind. Are you having success in talking to the Minister of Education about a major restructuring of our delivery system in our schools?

**Hon Mr Allen:** Our principal dialogue with the Ministry of Education to date has been around the schools-to-work apprenticeship program and getting that up and running. Therefore, the bulk of the dialogue has been with the secondary school level and not with the latter years of the earlier school system or the transition years. I think you have put your finger on something we need to expand dramatically in the coming years in order to influence those attitudes at an earlier level.

The member would be interested in an anecdote, however, from my visit to Fanshawe College, where I was in the auto mechanics apprenticeship program with a group of women. I was asking them why they were there, and it was surprising. Two or three of them out of the group said, "My father was a service station manager," or "My father did this or did that" that was of a mechanical or a trades nature. In terms of their bonding, they obviously had bonded more with their father's occupation than with their mother's role and had followed through quite naturally into the invitation to look at apprenticeship trades on that basis.

It may well be that some encouragement at the family level to sort of look at what Dad is doing and get some hands-on experience at home with tools and so on on the part of the young women in our community would be a very helpful lead-in to apprenticeship later on. It might be another area of influence we could tap in some significant measure.

**Mrs Cunningham:** I wonder if we are having more or fewer dads do things like that around the house these days. Maybe some of the moms could be setting an example there. That is interesting.

**Hon Mr Allen:** Let mom do the household renovations.

**Mrs Cunningham:** I have one more thing to say. What are the agreements that are struck between school boards and the colleges called? It is a very big word.

**Hon Mr Allen:** The articulation agreements?

**Mrs Cunningham:** Do we in education not like to muck everybody up?

**Hon Mr Allen:** I know. It gets so confusing.

**Mrs Cunningham:** I mean, why say something that people would understand? Give me a break. That is the worst terminology; you have to think of a new one very quickly. Anyway, on that one I am told at Fanshawe that these take hours to negotiate, and by the time you get the agreement on paper, all the people who were excited about doing it are no longer teaching in that school, or maybe that school system. We have a problem with that and I wanted to put it on the record.

I am also aware that the school workplace apprenticeship program is a very difficult one, and I wish us all luck in getting that going. I will be as helpful as I can in speaking about it in a positive way.

But I am talking about major changes in curriculum. I am talking about grades 7 and 8—grades 7, 8 and 9 would be fairer—and I am talking about kids having a chance to go

to school and get credit for their work in the community and the hands-on experiences. I hope, because I think you understand this, Minister, that you have some influence on that.

I think my time is up. I will say this: I very much appreciate the response to questions. I am on my way to London to the John P. Roberts Research Institute annual function, which I have never been able to go to since I have been elected, where the three speakers will be female scientists. I just want you to know I am appreciative and I think those things have come about because of people like ourselves who speak on behalf of parents. Thank you very much.

**Mr Daigeler:** Is that a PC fund-raiser?

**Mrs Cunningham:** No, it is not, actually. It is an award given to a scientist. The institute happens to be named after the former Premier, John Roberts, and it is in the middle of my riding, but, Mr Daigeler, if you do very good work, maybe somebody in your riding will name an institute after you some day too.

**Mr Daigeler:** I am working on it.

**Mr Lessard:** Say hello for us.

**The Acting Chair (Mr Johnson):** Mr Daigeler, you have 20 minutes.

**Mr Daigeler:** I was just wondering a little bit about why the Tory party was not going to grill the minister much further. They have been so appreciative of the federal contribution and the arrangement with the minister that I guess they are going to be a bit soft on the minister. I can assure you Minister, that I will try to do my best to be soft, but it is my responsibility to be critical at the same time. You have some experience in that.

**Hon Mr Allen:** I am not expecting Mr Daigeler to be soft, or any of those adjectives that undermines his normal performance.

**Mr Daigeler:** That is good. At least you know what my responsibility is.

I think we left off on the training aspects last week. I am wondering whether you could provide me with a list of the training trust funds that have been established over the last three years and the amounts of the provincial contribution spelled out with regard to each.

**Hon Mr Allen:** Does somebody have that complete list at hand? I can certainly give you some now, but the essence—

**Mr Daigeler:** I do not need it right now, but if you could provide that to me.

**Hon Mr Allen:** We can give it to you right now. It is quite accessible; no problem.

**Mr Daigeler:** I would like that in writing for future reference obviously.

**Hon Mr Allen:** It will be in the record right now if you want. It will be in writing for everybody to access.

**Mr Daigeler:** No, I do not need the precise details. I want to take a look at that and make sure we have the information and that the committee members have the information.

**Hon Mr Allen:** Sure.

**Mr Daigeler:** Also, we spoke briefly last week about the train-the-trainer program. Where is that at now? Does that still exist? There is no reference here in the book. Is it still in existence? What is your assessment of it? How is it working? Do you have any plans to change it? Where is that at?

**Hon Mr Allen:** The train-the-trainer program is a responsibility of the Ontario Training Corp, one of the three responsibilities that are the focus of that corporation's work. They recently completed a major study that they initiated a few months ago, not long after being formed, to try to evaluate the scope and scale of the problem and to get as much advice as they could around how one would go about tackling the issue of how you best train the trainer in order to get the best results for training as a consequence. Within the last two or three months they tabled a document which reported on that exercise. It had a number of very interesting proposals and suggestions in it. It is a matter of examination in the ministry at this point in time.

However, it is one of those undertakings that will in all likelihood become the responsibility of the Ontario Training and Adjustment Board, so that any creation of new institutions around the train-the-trainer issue will take place in the context of the Ontario Training and Adjustment Board. The model that is going out for discussion includes a proposed learning network that will be the focal point of training activities in the sense of how you go about training the trainer, what standards you establish and how, how you enforce them and what is best practice in various fields of training, etc; research around all those issues and so on.

We are rather loathe to take the advice from OTC and turn it into anything highly institutionalized at this point in time with OTAB coming under active consideration.

A note you might be interested in is that since launching the program in May 1989, OTC has also undertaken four joint professional development training investment projects, three forums on professional standards with major professional associations, a working symposium on implementing technological change from a trainer's point of view and a major research paper on the professional development needs of the trainers, which is the document I just referred to.

**Mr Daigeler:** Is this particular document a report to you on the overall issue of train-the-trainer and how the specific provincial program has worked? In other words, what I am getting at is, is it a document that could be shared at least with the critics? I do not know how thick it is. If it is a volume or whatever of 500 pages, then perhaps that is not what I am interested in, but if there is an executive summary of the 500 pages, then I would be interested in that. In other words, can you at least give to the critics—and if it is not too big, to the committee—a copy of that report, or at least of the executive summary?

1600

**Hon Mr Allen:** We can certainly provide an executive summary of that for you. That will not be any problem.

**Mr Daigeler:** I appreciate that, because I think this is an important initiative. From what you are describing, you

seem to be saying it has achieved good results, so I hope we can continue. If there are certain changes that can be initiated in light of the review that has been done, so much the better.

In your agreement with the federal government, there is a section that spells out that the two governments agree to share with each other a copy of their annual training plan. Do you already have such a plan established for this year and, again, can you share that with us?

**Hon Mr Allen:** There is certainly an overall prospectus of the ministry itself. There is not in the same sense, however, a document that develops all the training initiatives that take place under the rubric of government as such and collects them all into a single place for reporting purposes or for strategic purposes. It might well be possible for us to undertake to do that.

**Mr Daigeler:** I am referring to annex 8, number 2.2.

**Hon Mr Allen:** I do not have the document here with me.

**Mr Daigeler:** In that particular provision it was agreed that the two governments will now and in future share with each other an annual training plan. Certainly I would be interested, if it has been prepared already for this year, a copy of this year's, and then whatever you are submitting in the future, but I guess I will have to ask next year.

**Hon Mr Allen:** Yes. In the course of drawing up the province's total dollar contributions to training as part of the agreement, the \$751 million, we went through an exercise of pulling together all those training projects across the front of government, so it should be possible to develop something for you from that. Bruce, can you give us some further detail around that and how that figures in the context of the agreement?

**The Acting Chair:** Would the presenter please identify himself for Hansard.

**Mr Baldwin:** Yes, Bruce Baldwin from the federal-provincial relations branch.

The commitments to share and develop training plans together and to go through a joint training planning process really refers to the future years into the agreement. As you know, this agreement was signed into the fiscal year after the planning process had been completed. What we wanted to look at was a process by which we could work together and I guess not surprise each other in terms of what our plans and our programs were going to look like and what kind of money we were going to spend, based on the assumption that, once ministries and government have completed that planning and budgeting process, it is a difficult time at that point to start to talk about co-ordinating because people get attached to their plans and to their budgets, but to really start to identify the problems a little bit earlier in the process and work out a more co-ordinated approach.

We do not have that process. We have not gone through that process with the federal government for this year, but we will be starting to gear up shortly into the new year for that planning cycle.

**Mr Daigeler:** That is quite frankly what I kind of expected. Certainly I think the idea is a good one. I was



pleased in fact to read that in the document. Of course it will help the opposition to hold the government accountable to its own plan, and in that regard it is very useful to have copies of those. I will make myself a nice little note—if I am still the critic for that particular area, that is—and come back to the ministry at the appropriate time next year to ask for a copy of that plan.

In the highlights package that was distributed at the press conference last week, Minister—by the way, I noticed that there was a lot of reference to the private sector by the Tories in the federal document. But, understandably so I guess, you were less inclined to put that right at the front of your press release. Perhaps you might want to comment on that, how you see the difference and perhaps the unity of approach in terms of the private sector involvement, because the federal government certainly seemed to push that very much in its communications package and you did not seem to push that much. You may want to comment on that.

Second, in the highlights, you are spelling out equity initiatives, community college apprenticeships, local board sectoral agreements, income support, literacy, and co-operative management, and I am wondering whether it is possible in all these categories to spell out a year-by-year accounting of the amounts that were spent under the previous co-op agreement, separating the federal and the provincial contributions, and what you are anticipating to spend, both again by the province and by the federal government, on each of these categories. I guess that relates already to an earlier question I asked as to how you are arriving at the figures you announced in your press release.

**Hon Mr Allen:** I do not see any difficulty in providing you with those figures. They are in the budgets of the two governments and, therefore, are quite readily accessible.

With regard to the preamble to your question, it is, I think, no secret that it is a neo-conservative government in Ottawa and a social democratic government in Ontario and they do not always, of course, see eye to eye on all questions. It is, however, quite clear that both governments do have a very basic commitment to increasing what everybody sees as a major lack in our broad competitiveness capacity, and that is the area of training. However you look at that, whether you want to come at it from a private sector point of view or a public sector delivery point of view, it is critically important that everybody agrees that there has to be much more and much better training. It is on that ground that the two governments have come together.

You will know that we have laboured very hard in the agreement and negotiations to protect all of the public sector delivery structures in Ontario, and the federal government has gone a significant distance in facilitating that. At the same time, they do want to see a greater measure of private sector competitiveness for training dollars, and in the third year of this agreement 28% of their dollars will move from the public sector to the private sector category, amounting to \$29 million.

We have insisted that those dollars not be flowed through their own agency, namely the CEIC or the Canada Employment and Immigration Commission, but that they be flowed through the local boards under the structure for delivering training community by community. The public

sector deliverers, the boards of education and the colleges, will be on those boards and will have full knowledge and access to those dollars on a competitive basis.

Under those circumstances I do not have any great fear for our agenda, which is public sector training, because the colleges have been able to bid successfully on 90% of the contracts to date in the private sector dollars that are available through the federal government.

**Mr Daigeler:** How much time do we have in this particular round still?

**The Acting Chair:** Six minutes.

**Mr Daigeler:** Six minutes, okay. I am interested to know how supportive you are going to be of the private sector in new training initiatives, especially for women. One of the difficulties of upgrading their training is to find child care. I am sure you are familiar with that. I know there has been some consideration given to providing child care initiative support to the private sector employers. Perhaps the employers could put in place child care at the workplace so that women in particular could be trained. Consideration at least was given to putting in place a loan program in that regard. Is this something you have looked at yourself? Has that been brought to your attention? Do you think that would be a worthwhile initiative? How do you feel about that?

1610

**Hon Mr Allen:** As the member knows, under the Ministry of Community and Social Services program known as STEP there is special provision made for accessing day care by parents who are on social assistance and who are engaging in training programs with a view to employment. Certainly this ministry has been very supportive of that and would support an expansion of that kind of program.

We have not ourselves been formally involved in discussions with employers around child care provision in the workplace as part of any of our agreements. However, I submit to the member that it is indeed something that needs to be looked at much more carefully. Certainly the concept of workplace child care is supported by the Ontario Coalition for Better Child Care as an approach to the child care issue, and I think we all know that in order to facilitate training and employment by single spouses in particular, child care is just inordinately important.

**Mr Daigeler:** I would just like to encourage the minister to look at that as a support for the employers—it would not just be for the employers, but to encourage the employers to set up such programs. I do know that some thought was given to this matter under the previous regime in terms of a loan program, for example. I think that is an exciting idea and I hope it does not get lost in the shuffle.

**Hon Mr Allen:** It certainly has already arisen in the context of initial consultations around OTAB, in particular with regard to the entry/re-entry component of the Ontario Training and Adjustment Board structure. There will have to be new institutions created to facilitate the work of that particular part of the OTAB structure that deals with people, not in the labour market now but those who need to get there, so I have no doubt that it will be a major agenda item when OTAB is up and running.

**Mr Daigeler:** Talking about another initiative that also was under consideration for some time and relates to supporting the private sector in its training efforts, are you willing to consider support for employers in their apprentice training costs? In other words, are you willing to consider compensating employers for their payroll costs for apprentices?

**Hon Mr Allen:** The current regulation, as you know, provides for certain levels of compensation for apprentices. It is certainly true that employers securing the services of apprentices get thereby a service out of the apprentice and that those wage levels are geared to recognizing the changing degree of that contribution to the workplace by the apprentice as he or she becomes more fully trained and more effective in the workplace. I would certainly be interested in looking at that, but only in the context of the training partners bringing forward a comprehensive proposal for accessing further resources from the private sector to make that possible. For employers who were not involved in training, you would secure income that would go to those who were prepared to field apprenticeships on a more ambitious basis and therefore to get some transfer of funds within the private sector to do that.

**The Acting Chair:** We are going to move on now to Mr O'Connor, who I believe has a question. Mr Daigeler, if we run out of time we will come back to you for further questions.

**Mr O'Connor:** I do not know whether it is in order or not, but I would like to wish my wife, who has joined us here today, a happy birthday.

**The Acting Chair:** Mr O'Connor, that is not a point of order, but it is a point of information. I would like to wish Mrs O'Connor a happy birthday.

**Mr Lessard:** Hansard would like to know her first name.

**Mr O'Connor:** My wife Christine O'Connor, yes, her birthday is today. Thank you, Mr Chair. It is indeed a point of privilege, I suppose.

My question is around the skills development program and delivering training dollars for small businesses, particularly small businesses that are not necessarily manufacturing-driven. What kind of moneys are available for the smaller businesses?

**Hon Mr Allen:** I will ask the deputy to speak to that. That is a very interesting question.

**Mr Sosa:** For the whole area of the small business, the purpose of the Ontario skills development office is that it offers the consulting service. They are delivered through the community college system. In 1990-91 you will find that of the 12,200 clients, 36% had between 10 and 100 employees and 55% had fewer than 10 employees. They provide the opportunity to allow the small businesses to get the consulting service to draw up their training plans, draw up a strategic plan, and out of that they can access, when these things have been put in place, the Ontario skills money, which is the incentive program. The government has approximately \$18 million in consulting services delivered through the community colleges and \$34 million in Ontario skills incentive funds.

In addition to that, the first-time small business is not charged a fee. It is a further incentive for them to really utilize the service which is provided through the Ontario skills development office.

I will ask the ADM, who is also familiar with that, to see whether he can add anything to that particular question.

**Mr Horswill:** I would just add about the money. On subsidy programs for training expenditures by firms, I would add that for firms with fewer than 200 employees, as you probably know, the subsidization is richer. That is, we will subsidize up to 80% of a firm's training expenditures. Some 80% of those funds are presently going to firms with fewer than 50 employees. That is 80% of about \$35 million and it is not limited to the manufacturing sector, although we have identified manufacturing because the rate of adjustment is obviously an area of great priority in terms of worker needs.

**Mr O'Connor:** Does the ministry have a way of delivering that message out there to employers that do not reside in a community that has ready access to a community college?

**Mr Horswill:** I do not know if Malcolm could elaborate. 1620

**Mr Campbell:** Thank you. I am Malcolm Campbell, manager of the service development unit. I look after the training incentive programs for the ministry.

The question you are asking is with respect to ready access to the community colleges. Probably the best case to talk about is the Ontario Skills program, which is the broadest program and it is the largest financial incentive we run. The \$35 million is available to all businesses and we have a very extensive communications process where firms all across the province have access to the information and can apply for financial assistance through the program.

In terms of the training, it is up to the client who provides the training and, unlike the federal purchase with the Ontario Skills program, we see almost the opposite situation, with about 93% of the training being provided by what we will call either in-house to the firm itself or through third-party trainers. Access to training is more localized in terms of this program, so small business are not disadvantaged by the fact that they may not have a community college right in their community, although there are over 100 campuses and access is very pervasive, and there is considerable outreach from the community colleges to go into individual firms. The Ontario Skills program is designed to do training on the job. It is key to get the training to the work sites so that no one is disadvantaged from the distance to the community college.

**Mr G. Wilson:** I would like to return to the Ontario Training and Adjustment Board that you mentioned in your opening comment, to flesh that out. There are a couple of questions I have about it. You say it will involve the labour market partners and I am wondering whether you can sketch out who the main partners are and how they will come together in meeting the goals you are going to set out for them.

**Hon Mr Allen:** First of all, by the labour market partners we of course mean the business community—



the employers on the one hand and the employees, labour partners, on the other. We refer also to the various community organizations involved working with those who are not in the labour market actively but wish to be and therefore need training. We refer also to the trainers in the public and private sectors, as a constellation of groups, all of whom have a major investment in the question of training.

Second, as you will recall from the statistics around the recently framed Canada-Ontario agreement on training, we devote currently in excess of \$751 million to training enterprises through the government. That is a large and very scattered series of undertakings and we have two concerns in government in trying to reorganize the whole training front. One is to bring all that constellation of activities into a much better focus. The second is to put it much more directly in the hands of the labour market partners, who have the biggest investment in seeing that the training is well done.

In other words, we will shorten the distance between those who deliver and those who receive, because the very people who would be involved in the delivery will in effect also be the people who receive and benefit. In that context, we believe a great deal more vigour and close attention to training and training needs will result. We also believe, given the historic failure through various devices under a series of governments to bring the private sector more fully into adequate investment levels for training, that only by engaging them in this fashion, in the very enterprise, will they be led to commit more resources to it.

One of the major purposes of the Ontario Training and Adjustment Board is quite simply to attempt to access more private sector resources to enhance across the board the training undertakings in the province as a whole. We will of course relate to that institution in a policy fashion through major memoranda of understanding and through legislation that will spell out the place, role and status of that board. Does that answer your question?

**Mr G. Wilson:** In part, yes. This seems to be based on a faith in these partners agreeing on the goals of training and reaching some agreement on how those goals should be achieved. What leads you to that faith? Why do you think the labour partners are going to reach this agreement?

**Hon Mr Allen:** I guess a couple of years or more of recent, fairly intensive consultation around these issues has led us to that belief. Under the previous Premier's Council and its launching of an inquiry into this, it published *Competing in the New Global Economy*. The receipt of that document and the discussion of any number of other documents that have issued from provincial and federal governments in recent years have created a significant consensus out there among the partners as to the critical importance of enhancing the whole training agenda.

There are details of difference, certainly, nuances of emphasis that each partner wants to make or see happen, or slightly different goals they want to achieve through it, but they all believe those goals can and must be achieved through better and more widespread training.

On that basis, I think we look ahead with a great deal of comfort to the consultation that is going to be launched very shortly around the Ontario Training and Adjustment

Board, that we will find a remarkable coherence of views and a willingness to work together to make it a great success.

**Mr G. Wilson:** I think, as one of the elements, you referred to the agencies and organizations already in the field. How are you going to co-ordinate their activity in the future?

**Hon Mr Allen:** The question as to how they will all be co-ordinated in detail will in some measure be explored in the context of the consultation. Some work has been done on that and we certainly have a proposed structure for the Ontario training board itself and for local board structures which, I hasten to say, is fairly flexible, open and awaiting whatever additional inputs the community wishes to provide us with.

The detailed question as to how the delivery of a given program will mesh with others and in turn come under the direction of the Ontario Training and Adjustment Board in some fashion is going to be a subject matter in particular for the internal consultation in government that will take place over the next three or four months, alongside the external consultation, to try to devise the best ways of pulling all that together. Certainly there has been enough discussion in the ministries to date so that all of them that field those programs have a considerable comfort with the model, the general direction and the possibility of doing that, but the detail still has to be worked out. That will preoccupy us pretty heavily over the next few months.

**Mr G. Wilson:** I guess you are comfortable that there is enough responsiveness in the board's structure that community initiatives will be considered. For a community that relies heavily on a particular industry, will it have access to the kinds of training programs it feels will aid that industry? Will it be able to get the funds through the training board, through some kind of negotiations or approach to the board? Is that part of the model?

**Hon Mr Allen:** Yes. I think people should disabuse themselves of the notion that the Ontario Training and Adjustment Board will somehow be the great director in heaven that will sit up there and tell everybody what to do. That is not at all the model. In fact, the initiative will lie rather more heavily at the local board level with many sectors, industries and community groups that want to access training. They will propose an initiative they want to see funded and they will be looking for dollars for it. In order to field those kinds of operations and develop and flesh out in an active way the local training plans local boards will develop, they in turn will want to access dollars that will be available through OTAB and through government. As a result, the initiative will be very heavily community-driven. It will not be a matter of the provincial board laying down a game plan which everybody else will then have to dance to; far from that.

1630

**Mr Sosa:** When we deal with the local boards and we see what is now the picture, we have the federal government involved in allocating money for training; we have 57 community industrial training committees throughout the entire province; we have 24 community colleges as deliverers of training, and we have the various ministries that will deliver some aspect of training, whether it comes

through adjustment from the Ministry of Labour or from the Ministry of Skills Development with the Ontario skills development programs, and we also have the apprenticeship program.

In fact, the consultation process on local training and adjustment boards is going to be an integrated one. For the first time in the agreement we had with the federal government, it was agreed to avoid the duplication and bring about some kind of sanity to what is taking place in training at that level. The process will be animated jointly by the federal government and the provincial government.

In addition, the federal government has established what it calls the Canadian Labour Force Development Board, which is private-sector driven as an arm's length agency. They have a very significant role in determining standards for local boards across the country. They are also working extremely closely with us.

The chair of the Canadian Labour Force Development Board is the president or chief executive officer of the Canadian Federation of Independent Business, and the other co-chair, dealing with that specific area of local boards, is Buzz Hargrove from the Canadian Auto Workers.

The paper that will go out for consultation on local training and adjustment boards will involve the Canadian Labour Force Development Board, the federal government and the province of Ontario. It is an unprecedented step in which we are attempting to rationalize this, as I said earlier on, to give some kind of coherence to the very issue you are raising. We will have the large employers, the small employers, the community action groups, the community colleges and educators and the local deliverers of training.

We hope that out of this, and through the consultation process, will come some rationalization to what we are doing. There is a great amount of hope. We are working together on this for the first time; it was one of our objectives in negotiating the agreement. The Premier made it very clear he did not want a duplication or triplication of the kinds of services offered in training, so that we could present to our clients and customers some measure of coherence.

**Mr G. Wilson:** It sounds like a really well-thought-out and promising approach, almost that if this does not work, where are you going to turn? I really wish you luck on that.

**Hon Mr Allen:** The ministry is very excited about it, as is of course the implementation team under Naomi Alboim. They are working literally around the clock trying to get it all put together and to get the consultation under way.

**The Acting Chair:** We will move on to Mr Daigeler and Mr Brown, if they have any questions they would like to raise at this time.

**Mr Daigeler:** Mr Chair, what is your plan now? Do we have the rest of the proceedings here?

**The Acting Chair:** Would you like the rest of the proceedings?

**Mr Daigeler:** The Chairman earlier indicated that was the arrangement. Are you aware of that?

**The Acting Chair:** There are no Conservatives here, so—

**Mr Daigeler:** I am just wondering with the government party—anyway, we will wait till Mr Jackson comes in. I think he perhaps knows about it.

**The Acting Chair:** Sure, if you want to continue in the meantime.

**Mr Daigeler:** I think Mr Brown had a question.

**Mr Brown:** As a northern MPP, I think we face in the north some unique challenges in skills training. At least right now we are experiencing some of the worst economic times imaginable and that creates a setting where training is required. I speak from my own experience representing the community of Elliot Lake, where we have had massive layoffs. We have had 2,400 people laid off within the last 18 months. We are looking at another 1,000 next spring and finally, in 1996, we are looking at the rest of the mining sector being closed down in Elliot Lake.

I do not have any particular expertise in this field, but I am wondering, particularly in the situation where we know we have 1,000 people who will be laid off at an employer on a particular date, has the ministry given any consideration to working with employers before that date to attempt to get skills to those workers that will be useful in today's marketplace in other settings, instead of waiting until the layoff occurs and then attempting to retrain these people? When you know the deadline is approaching, do you have a program where you work with employers and the workers to kind of get them ready for the inevitable? It seems to be standard practice to wait until the unemployment insurance occurs and then to take advantage of the federal statutory programs. I guess I am looking at a proactive way of dealing with these unfortunate events.

**Hon Mr Allen:** As you know of course in your own community, where the workers are largely organized by the steel union and in turn organized within the Canadian Steel Trades Employment Congress, there is a very interesting vehicle we work with very closely in terms of responding to issues like this. In the Algoma circumstance, for example, we worked out a very closely negotiated arrangement to provide for a jointly funded program at Sioux College for several hundred employees of Algoma who wanted to get into further training to enhance their own future prospects. That certainly worked very well.

The Canadian Steel Trades Employment Congress has found to its pleasure that the employers who are part of that bipartite structure, in the few years it has been in existence, have grown more and more comfortable with giving greater and greater notice of closure, layoff, downsizing and so on, precisely so that the training and adjustment process can begin earlier and be more effective. Because that is so, we are in that industry getting much earlier notice and we are able therefore to put training programs into place at a much earlier date and more effectively for the prospective layoffs.

I would have to say that, across the board, the ministry is not geared to sort of searching out every instance of this, but there are statutory notices that are required for participation, for example, in the industrial adjustment service of the federal government, which of course we are also always up to date on and familiar with through the employment



adjustment branch of the provincial Labour ministry. As a result, we are normally able to move quite quickly on any evidence we get of a plant closure or a major layoff.

One of the main problems—and this might not be as significant in Elliot Lake as in some other places—has been that there are no statutory requirements about reporting for plants if the layoff is less than 50. As a result, we often do not learn as early as we might about small employers who are going out of business. It is our hope to be able to remedy that legislation at an early date to be able to gather the statistics around early closures in the small business area in order to respond more effectively to them. It is a very good question and a very important one for us to be addressing.

**Mr Brown:** I realize we have long lead times in this particular instance, which is not particularly common, but it seems to me there would be opportunities for a program of even job-sharing to create more employment in the short term, because we have also seen at the very same mine a layoff of 400 or 500 other people. We could continue a higher level of income for those workers while the operation was ongoing, and at the same time they could spend a day or two a week, or one month on and one month off or whatever, doing training. It would create more full-time employment at a higher income and at the same time give them an opportunity to upgrade their skills so that once they are laid off, they have more opportunity to find another position. That is what is particularly my concern.

With Rio Algom, we are looking at a mine that we know—the government has told us—will close in 1996. That is when the contracts are up, so we know exactly when the layoffs are over a long period of time. It is not as if it is going to be a surprise to anyone. I just thought it would be an interesting concept for someone to explore.

1640

Interjections.

**The Chair:** Perhaps you two could share this with the questioner.

**Hon Mr Allen:** I just wanted to say that, to the best of my knowledge, there has not been a formal inquiry from Elliot Lake for our services. But there certainly has been from Kapuskasing, for example, and we are sort of in a responsive mode to that at this point in time. We are certainly open to those initiatives and to helping wherever we can up in communities like yours where there is a major problem facing people.

**Mr Brown:** Of course the second problem, and it is not particular to the north but I think it may be more prevalent in the north, is that you train for what? Our communities are long distances apart. A diversified economy is always the goal but not necessarily the reality.

I know in our office we have a large number of people coming to us and saying, "Gee, I'd like to be a heavy-equipment operator." That seems particularly attractive to people who have operated mining equipment all their lives, but there is really no market for the skill, at least in our area, and probably not a great market today in Ontario for that skill. What kind of counselling are you doing or what kind of outlook are you getting so that you can advise people about what direction they should be going in so that

there will be a job after they have finished the training, or at least they optimize their opportunity of finding a job they would enjoy and be fulfilled at?

**Hon Mr Allen:** As you know, and I will ask the deputy or one of the staff to fill in some further response to you, when one gets into an adjustment situation, one does counsel fairly carefully to discover what additional skills the employees might happen to have, what particular orientation they may have that might lead them to another skill they do not have and how all that can be put together in terms of realistic employment opportunities. I am not as familiar as I might be with northern communities, with single-industry focuses and so on, where the options clearly are somewhat more constricted. But I do know that in major adjustment undertakings in an industrial community like Hamilton, one can be remarkably successful in placing workers of all ages and backgrounds in at least equivalent work and income levels if one does it right. It may well be that someone has some more information—Les, have you?—around some of the options in the northern context.

**Mr Horswill:** There are two points I think would be helpful in terms of "training for what?" be it in the north or elsewhere; there are two responses the government obviously is working on. One is the institutional response, which is part of the basic rationale for the Ontario Training and Adjustment Board, with the employer and the employee—in that case the employee is threatened by unemployment—working on the same objective. Workers want to take training that is credible in terms of securing a job, so the active participation of an employer and an employer community is very much in the interests of workers, and they are very concerned that this be the case.

**Mr Brown:** Just for a second, though, the difficulty I am talking about is that any employer would be a couple of hundred miles away. It is not an easy thing to interface.

**Hon Mr Allen:** I guess there, obviously, you are into counselling around mobility and the problems that may entail, and what industry in what community under what circumstances?

**Mr Horswill:** On that basis, we complement the federal government, which of course provides mobility grants and, with us, provides counselling. In addition, at least for older workers—that is, now over 45 years of age—we provide for two years of \$5,000 of training for the individual who can pick up that training while unemployed, while on notice of layoff, and indeed with a new employer when he has found a new employer. That program is now in the Ministry of Labour. I cannot speak to the details, although obviously the budget of the program has been increased, as has demand of course, during the recession.

**Hon Mr Allen:** It can now be accessed alongside unemployment insurance as well, under the new agreement.

**Mr Horswill:** Yes, and it is as absolutely assured as you can be that income support would be there from the federal government while the individual is on full-time training with that money.

**Mr Brown:** Again, I am speaking from a particular community because that is what I am familiar with. Perhaps

someone from the ministry—it does not need to be now—could give me the numbers on how much money the ministry is spending in Elliot Lake and area to provide skills upgrading and skills training. It has been remarkably successful, I will tell you, with the federal government through its programs, and academic upgrading through the boards of education has been remarkably successful, at least in terms of uptake rate. I do not know if it is successful yet in terms of jobs. We do not know that. But it has been working relatively well and I think both the federal and provincial governments should take some credit for that. I think that is important. What we need now is a few jobs for these people.

The other question, and I am not sure that it relates directly to you, concerns the adjustment program for older workers. I think it is Ministry of Labour, but I am not sure. In this particular instance, we have 260 people at Denison Mines that I think are qualified for that this month. The Minister of Labour for Canada said in response to the Liberal MP for the area that the federal government has signed that agreement and that their pensions, from its point of view, are ready to go but that the Ontario government has yet to move. If that is not your responsibility, would you talk to your colleague and get him to sign the agreement so we can get going? These people need their money at the end of the month.

**Hon Mr Allen:** We will certainly follow that up for you and get you all the details on that. We are not aware of the problem of a holdup that is being referred to, but we will certainly give you all the information so that you will get a good handle on it, okay?

**Mr Brown:** Good. Thanks.

**Mr Daigeler:** If I can go back to the estimates book and in particular zero in on the apprenticeship program, Minister, you are familiar with the Premier's Council report on skills in an international economy. They talk in that report about the apprenticeship system in Ontario and how in their opinion our system is quite antiquated. In particular, they refer to the fact that there are inadequacies in the Apprenticeship and Tradesmen's Qualification Act. They talk about the problem that the average age of apprentices in Ontario is 26 years. They talk about the problem that the dropout rate for apprentices in Ontario is 50%. They talk about an excessive administrative workload that is associated with the apprenticeship system. In other words, they call for a major overhaul of the system.

I have in front of me the Siemens document they have produced comparing our apprenticeship system with the one in Germany. I am sure you have had a chance to look at that.

Minister, I have not really heard you make any clear statement on your goals for the apprenticeship system, other than some vague references that all this will be handled by the new OTAB, but reforms to the act fall under your prerogative. Are you looking at that?

Also, the relationship of journeymen with regard to apprentices, the number of apprentices per journeyman, I think is a sore point. What is your view on that whole question? Are you looking at any concrete initiatives to

make those structural changes to our apprenticeship system that have been called for by many people and that I think are needed?

1650

**Hon Mr Allen:** I am very glad you asked that question, Mr Daigeler. There has been rather generalized talk about reforming apprenticeship for an awfully long time around this place, both under previous Tory governments and previous Liberal governments; yet at the end of the day not a lot seems to have changed, and that has been very frustrating, I think, for a whole lot of people, myself included.

At one level, of course, it is not entirely fair perhaps to undertake a comparison straight off with the German system, but it is the comparison that everybody makes because historically it is the one that is most successful. It is interesting that only a few months ago Quebec sent a delegation to Ontario to examine the apprenticeship system in Ontario because it was so impressed with it. I guess it depends on where you are coming from as to how you evaluate what we have.

Obviously there are some very good things about it out there and there are some very problematic things out there. Among the problematic things, if one does the big comparison, is that we have some 60 apprenticeable trades whereas Germany has in the mid-200s; 240, 250, 260, something like that. I think the obvious question is, why have we not expanded apprenticeship into more areas and used it as a training device more successfully? That is certainly something I have recently charged the ministry with attacking and it is gearing itself up to do that.

We are not waiting for the Ontario Training and Adjustment Board. What is roughly contemplated with OTAB is that there will be a phase-in of certain responsibilities over time, because one cannot anticipate that the whole board would take on the whole mammoth job of administering training in Ontario from day one. The first transfers of responsibility would be around workplace training. Only later would the apprenticeship form of workplace training be devolved. That could be 18 months to two years down the road. I am not interested in waiting two years for apprenticeship reform to take place.

**Mr Daigeler:** Neither am I.

**Hon Mr Allen:** I have charged the ministry with putting together a major initiative for me which embraces all the major elements of apprenticeship reform that need to be undertaken, which include the number and range of apprenticeable trades, updating some very badly outdated regulations around trades and looking at the question of ratios and the duration of apprenticeship—is the way those matters are defined in legislation now appropriate for our time and our kind of training and our needs or is it not?—and doing something about that.

We all know there have been transitions in some apprenticeship fields, for example, into multiskilling, in which new skills have been brought together in new forms in order to suit the new demands of the new workplace. We want to examine trades from the point of view of their practical applicability in the contemporary world and in the contemporary workplace.



We need to ask ourselves the question that you asked earlier: What kind of funding system should be built around apprenticeship in order to reward those who train and, if you like, get levy from those who do not, so that they have to make their contribution in one way or another? That is something we hope the OTAB will resolve for us. If it does not, then we will have to find another way of making certain those resources happen and in that particular fashion.

We have one thing the ministry has done a lot of work on in order to renew apprenticeship and provide a basis for it. This was done under the past director, Peter Landry, who is with us this afternoon, and it is being continued under Helmut Zisser, the new head of the apprenticeship branch. It puts in place a whole new series of provincial advisory committees to advise us on the trades and the current state of the trades so that we get the best local regulation we can around each trade in the field.

We are about halfway through, roughly speaking, reviving a much-neglected resource in the apprenticeship system which has just been left to sort of wither on the vine in recent years, the whole series of initiatives we are trying to pull together in order to attack the apprenticeship reform issue. I just want to note that we have been very busy in updating standards in the regulated trades.

We have also been trying to identify more consistently the common core of training that resides in a number of different trades and to ask ourselves how that relates to the way in which trades are being and can be fielded. This is being piloted currently in the motor power section in particular in two colleges.

We are also trying to develop more flexible training formats on a modular-based approach to the apprenticeship system, so that one can more readily identify the skills that are needed and train for them, and then certify the training and be satisfied with what comes out at the other end.

**Mr Daigeler:** Really what I appreciated hearing most is that you said you are not waiting for the work of the OTAB to work on and possibly bring in major changes to the apprenticeship system. I presume then that it is the apprenticeship branch in your ministry that has been charged with this responsibility.

**Hon Mr Allen:** That is right.

**Mr Daigeler:** I certainly wish you well with that and I am glad I am hearing this, because I was afraid that OTAB was going to do everything. Quite frankly, the more you talked about it, the more I was getting concerned that it was sounding very much like a bureaucratic structure looking after the administration and everything else, and co-ordinating. I was very much losing hope in something very concrete and practical that will be put into place that the previous report was talking about: the changes to the legislation, relationship of apprentices to journeymen, length of apprenticeship and so on. I do not think it needs that much administration. It requires a decision by the minister.

I think my colleague has a supplementary on this.

**Mr Brown:** Thank you, yes. I wonder, as you are reviewing these items, Minister, are you including in this a review of how apprenticeships could be worked into the secondary school curriculum, at least in terms of having

the students being prepared in an appropriate manner at the secondary school level, or maybe even earlier if that is appropriate, so that the journeyman or the masters have the people coming out with a knowledge or base that is appropriate? I see that we are.

**Mr Daigeler:** No, it says here that 80% of high school students did not know what a journeyman is; that is in this council on technology.

**Mr Brown:** In particular, one of our problems—and I see it with our school system, and all this is integrated—in my situation in rural northern Ontario, is that we have a secondary school with I think 700 or 800 students where many of the shops are not operating. The school board has closed some of them over a period of time, because with the number of students it has, it is just not viable to operate a full spectrum as it might be in an urban centre.

I just want to encourage you to look at the secondary schooling our children are getting so that they might work into an apprenticeship program in an appropriate way. Is this part of the plan?

1700

**Hon Mr Allen:** As you know, in 1989 the school-to-work apprenticeship program was instituted, and I think there were initially five boards that implemented that program in that year—Wellington, Timiskaming, Durham, Windsor and Hastings. Since then there have been additional boards, to a total of 33, that now participate in that program, so there has been a very significant growth in a very short period of time. It is very popular. Boards are inquiring about it all the time and we hope to see a really major expansion in that.

As you know, the OSIS reforms in the secondary school system created some havoc in terms of technology programs in the high schools a few years ago by reducing the options available to students and, as a result, the capacity of getting technology programs and following them through to a senior level as an optional part of your curriculum was simply almost wiped out. That of course undermined one of the major foundations upon which one could have assumed one would build apprenticeship, so this new initiative—I hasten to say it was begun under the previous government—has made it possible to move back, in a substantial way, into the school system with apprenticeship programming and technology-related instruction.

In at least one of the northern communities not far from you—I think it was in Timiskaming—a board did get itself quite heavily involved in an apprenticeship program with the federal government and then began to run into some heavy weather in clearing regulation hurdles in the second and third years, and it was finding it difficult to field the rest of the program. We managed to pull them in and have a consultation with them and help them get back on course so that they could complete the whole of this—I think it was a small motors apprenticeship—by using community resources, the board resources and matching them all together for a program in that community. It was quite innovative. We established it as a pilot project because it does not fit into the other guidelines. It was a full apprenticeship program that they fielded; it was not just a school-to-work project.

It is normally considered the domain of the colleges to be the sort of apprenticeship sponsor on the education side of the apprenticeship program, and not a school board, but in this instance, as in some other parts of the north, there are communities where the colleges do not have an active program or presence around apprenticeship, and therefore it is legitimate to think in terms of alternative institutions fielding that part of the program. They are doing it quite nicely.

**Mr Brown:** I find it encouraging that we are looking at innovative programming to communities not only in the north, but particularly given the distance problem we have and the small population in many centres.

I was also concerned with the aboriginal opportunities that might be available through apprenticeship. I represent, I think, eight first nations. I wonder if there is any direct programming pointed that way. One of the things the people in the first nations have been telling me is that they are looking for opportunities to upgrade their skills and to participate more fully in our economic wellbeing.

**Hon Mr Allen:** I think Mr Fields can give us an update, particularly, for example, on the Manitoulin experiment that we have been into with an apprenticeship there in house-building trades.

**Mr Brown:** I was at that meeting.

**Hon Mr Allen:** You were at that meeting and you know about it. He may provide the rest of us with information about how that is going, and also perhaps some of the apprenticeship work related to some of the public construction projects in the north, around Ontario Hydro and so on.

**Mr Fields:** I think we are on the verge of doing an awful lot with first nations throughout northern Ontario, and probably in the south also. We have been out, not on a big campaign, but a quiet campaign, which is appropriate to first nations I believe, consulting with them, with specific first nations, treaty organizations and native organizations.

One of the successes we have had is with the United Chiefs and Councils of Manitoulin Island. There are five bands there and, at their request, we customized a native residential construction program which goes from site planning and excavation, laying blocks, right up, excluding the compulsory aspects of plumbing and electrical, but also with an emphasis on estimating, ordering of supplies, supervision and management.

I had the opportunity of doing a tour there, in fact, about a month and a half ago. We started with 20 native apprentices. There are still 19 in training, which is quite phenomenal. They are building 10 houses, two on each of the reserves. The apprentices feel very proud about what they are doing. I talked with four of the five chiefs there and the technical adviser for UCCM and they are very sincere and committed to what is going on. They are wrestling with some of the issues around who completes the training first, and obviously in their culture, that is going to be quite an issue for them. In all probability they will not all complete this year. Some of them will require further training next year.

Those standards now have been released across the province, and a number of other first nations are very interested. Other provinces, in fact, are interested; I got a call

from Alberta yesterday. We anticipate there will be much more of this type of training going on in the province in the near future. We require the ongoing commitment of the federal government. This is a costly venture.

In northern Ontario we are also looking at infrastructures built by the Ministry of the Environment and Environment Canada up the James Bay and Hudson Bay coast. I think they are putting in 25 water treatment plants over the next five years, so we are looking at water treatment operators, sewage treatment operators. They will have to draw the lines into the houses, so there is potential there for plumbers. Obviously it is a very short construction season, which creates a lot of problems, so we will have to make some major adjustments in the way we normally deliver training.

Also, with Ontario Hydro and now also the International Brotherhood of Electrical Workers, there is a strong expression to continue native training. Ontario Hydro actually is very good, and it is looking for more. What we are endeavouring to do is continue to cultivate the relationships we have now started with native groups. In many instances, as I am sure you are aware, they require some upgrading in order to be able to succeed at apprenticeship, especially around literacy and numeracy. We have to build those pieces in also, and build whatever apprenticeships we are going to do for them in a very flexible manner.

We still have problems with distances, as you indicated earlier. We cannot ask, especially native apprentices in the north, to travel distances far from their home communities, so we are looking at a number of other ways we can bring school training right into their communities. We were able to do it on Manitoulin. I think we will be able to do it elsewhere.

**Mr Brown:** One of the difficulties, and you have expressed that well, is the distances. It is often very difficult for people to move from one reserve to the next. It is remarkable, really, to maintain 19 people in this program, because it is very tough just to show up for work every day, just because you have trouble getting there.

The other problem I see that you are resolving is the classification question. What are they apprenticing to do? In the particular case you were talking about, there was quite a discussion about what they are actually apprenticing to do, and I am encouraged that we are finding some innovative ways of solving those problems.

**Mr Daigeler:** If I can continue the questioning on the apprenticeship program, the minister will remember that in 1988-89 a target was set over five years for some 60,000 apprentices. How are we doing with that target? In other words, how many apprentices do we have now, and also, are you maintaining that target?

1710

**Hon Mr Allen:** The figures now are some 50,000, almost 54,000 apprentices in total, comprising 51,325 males and 2,372 females, for a total of 53,697.

**Mr Daigeler:** So we are very close, actually, to target then?

**Hon Mr Allen:** The target was 60,000 for what date, 1993?

**Mr Daigeler:** I think so, yes.



**Hon Mr Allen:** A five-year target? Certainly we are moving. We have of course run into a major problem in the form of a recession, which makes it exceedingly difficult. The member will recall that during the last recession in the early 1980s there were a lot of losses in apprenticeship. It took a big dip after that, and that is why we have instituted the laid-off apprentice program to try to target 6,000 apprentices who are at risk and keep them in the field and keep their training moving so that our investment in them would not be lost and so that their investment in themselves and in their futures would not be lost.

In that respect you might be interested in the fact that we have counselled a total of 5,675 apprentices whom we had to actively seek out and determine what risk they were at and then try to counsel them into one or another of a variety of options such as advanced college instruction programming. As you know, each apprentice every year goes to a college or an institution in order to undertake the education portion of his apprenticeship. We have arranged for them to be able to do any or all of them in advance so they can keep on the learning process even though they might not be at work at that point in time in an actual factory, or we have sought out alternative employers who will carry on their apprenticeship, or we have sought out co-operative employment arrangements whereby they would do that with more than one employer and maintain themselves in the workplace. We have also looked for substitute or alternative simulated workplace situations where they can continue their hands-on training.

Our total activity under that program has been that through advanced seat purchases, we have accommodated 1,319 laid-off apprentices through project activities to keep their training going. We have counselled a total of 5,675, for a total of 8,391 people we have been working with actively around the laid-off apprenticeship program.

**Mr Daigeler:** So really the previous government, in its objective of 60,000 apprentices over five years, has achieved its target, even though I agree with your earlier comment that both my government and the previous Tory government perhaps did not bring in the needed structural changes to the apprenticeship system. Nevertheless, I think we have moved forward at least in the number of apprentices, and I am pleased to hear that.

What about your own targets? Since we are close to the 60,000, are you setting yourself any particular targets? Do you have any number that you are trying to reach?

**Hon Mr Allen:** No, I do not have a specific target, unless I sort of put the German model of 240,000 apprenticeable trades as my target or something like that. No, I am not as interested in targets as I am in putting in place the actual reforms that will expand the number of apprenticeable trades, that will deal with the racist question, deal with the support mechanisms, deal with the question of translations into French to accommodate the French community, which has a major apprenticeship problem on its doorstep as well, and so on. I am going to push that as fast as I can and we will get as many people through the system as we can.

**Mr Daigeler:** I do not have the figure in front of me what the target was and whether there was a target, but the number of women apprentices of course is still very low. We discussed that earlier when there was still a representative of the third party here, but since they are all gone now perhaps we could come back to that.

**The Chair:** The Chair would like to correct that. I am a member of the third party.

**Mr Daigeler:** You are here as Chairman, Mr Jackson. I do not think you are a representative of the third party.

**The Chair:** In your absence, I will remind the committee of your absence.

**Mr Daigeler:** I had hoped the third party would have put more emphasis on this very important question of skills development. In any case, this number of less than 3,000 female apprentices still is very low. Can you enlighten me? Did we have a target to reach in a particular time frame?

**Hon Mr Allen:** It would be useful for us to have some discussion on that point, because there are people here who are more experienced with the way in which targets function or do not function in a certain context. Les?

**Mr Horswill:** It is quite straightforward certainly on that one. The target ambition of five years ago was to move from 2,000 to 5,000 women apprentices and the target has demonstrably not been met. That is a good symptom. We have to look more rigorously at barriers. Certainly speaking for staff and management of the apprenticeship branch, we are not suggesting the target be abandoned, but the difference between what we have done and what we wanted to accomplish is useful evidence that we have to find ways to do better.

I would like to add that we have a partnership now with the federal government on some improvements in apprenticeship, which is quite different than was the case over the last five years. There are no numbers, but we are both committed, as the minister indicated, to working together to reduce dropout rates, to find ways to reduce the age of apprenticeship, to find ways to increase representation of under-represented groups and to make apprenticeship a more accessible and useful tool in new trades and new industries.

**Mr Sosa:** May I add something to that, because with the projects we have for women's access in apprenticeship, although the number would be 2,372, there is a fair amount of work done in pre-apprenticeship training. So these projects have just been kind of an orientation, exposing the females in the high schools, to apprenticeship, and there are some pre-apprenticeship programs which have been done. If you added the number of those who have been oriented to the trades, this is massive throughout the province. Really, the attitudinal barriers and the educational process and the counselling—I think we will gain the benefits of that kind of preliminary and prep work probably in about two or three years. We have not met the targets, but I think there is a lot of work other than the figures you see here identified as the number of females in apprenticeship.

**Mr Daigeler:** I appreciate that. If you can provide me with a breakdown of the specific trades that the current women apprentices are involved in, again, that would be useful. You can leave that with the committee in writing. Then afterwards if you want to read it into the record, that is fine too.

**Hon Mr Allen:** We can broadly give you the numbers. For example, there are 879 female apprentices in a traditional trade like hairdressing and hairstylist; other service occupations such as cooks, horticulturalists, 538; in the motive power occupations, which are non-traditional, such as motor vehicle mechanic, auto body repair and so on, 193; construction occupations like plumber, electrician, carpenter, etc, 367; industrial occupations such as machining, tool and die making, industrial woodworker, 162; and employer-established occupations, 233. Staff can explain that in detail if you want an understanding of what that category entails. The total is 2,372. It is also included in the package of answers to Dianne Cunningham's questions which you will be receiving.

1720

**Mr Daigeler:** I have not had a chance yet to go through that package.

**Hon Mr Allen:** But the chart is there for you.

**Mr Daigeler:** Okay. If I can move to the Ministry of Skills Development offices, on page 34 under Initiatives, you say that new guidelines will be prepared for these offices to reflect new directions and priorities. Have these guidelines been prepared, and may I have a copy of them?

**Hon Mr Allen:** Yes. If we could have Walter Tuohy come forward, he can tell us a bit more about that, but the guidelines have been prepared. Do you want to give us just a bit of a rundown on what that entailed, Walter?

**Mr Tuohy:** I am Walter Tuohy, consulting services with the ministry. We have been through a fairly lengthy process working with the managers of the Skills Development office system and the consultants associated with those managers, as well as the colleges, to design guidelines that are updated and appropriate for some of the new directions we have put into place. We have met collectively probably three or four times with representatives from the colleges in other meetings. That has resulted in documentation we are quite pleased with and that we can work together on with the colleges. That has now been finalized and is actually in the process of being printed. It will be out in the field shortly.

**Mr Daigeler:** May I have a copy of that too?

**Hon Mr Allen:** Sure.

**Mr Tuohy:** Yes, indeed.

**Mr Daigeler:** Thank you. Even though it is not very dramatic, there has nevertheless been a drop in Ontario skills development office, OSDO, clients planned in the estimates book. Could you explain why there would be a drop?

**Mr Tuohy:** As I mentioned earlier to Mrs Cunningham, we have taken a conservative approach both to our projections for this year and in recognition of last year's achievements. The basic reason is that we have requirements in front of the consulting service to give more extensive

effort to reaching new clients, clients who are at a lower level of achievement and awareness in overall human resource development, training and composition of training plans. We will reach out to a collection of firms and organizations, working through sectoral associations, working through unions, working through some mode whereby we can reach a wider audience and get more bang for our buck in terms of the consulting effort.

In numerical terms, that has meant we have been able to touch a lower number of actual clients coming in the door. But as the minister indicated earlier this afternoon, hopefully the clients who do come in the door represent both a larger number of firms and organizations and also firms of slightly larger size, so that our efforts are going to have widespread ability to contact a much broader percentage of the labour force members in Ontario.

**Mr Daigeler:** Okay. I appreciate that explanation. I think that is quite reasonable. If I can move on to the trades updating program, we have not really touched on that at all. Here too I see quite a dramatic drop in the planned number of participants.

**Mr Tuohy:** What page are you on, Mr Daigeler?

**Mr Daigeler:** Pages 44 and 45. My specific question relates to page 45. You see in the graph a drop from 12,000 to 8,500 in the number of participants regarding the trades updating. Can I have some explanation of that?

**Hon Mr Allen:** Could I ask Helmut Zisser to come forward and give you more detail than I can on that subject.

**Mr Zisser:** I am Helmut Zisser of the apprenticeship branch. The trades updating program was reduced in funding for the current fiscal year, which is why there has been reduction in both budget and effort in that program.

**Mr Daigeler:** What was the reduction there?

**Mr Zisser:** About \$1 million in 1991-92.

**Mr Daigeler:** Could I ask the minister what the reason was to save there?

**Hon Mr Allen:** I will ask Mr Zisser to respond to that, or the deputy. It was at one level a consideration with regard to the cost recovery program inside government and, second, a matter of transferring moneys so that they might be better deployed in other more effective programming that we have. Mr Zisser.

**Mr Zisser:** The choice of the trades updating program was made largely on the basis that there is a sense that we have a capacity within this program to achieve some savings, which is a priority of the government, as well as to maintain client service in so far as there is the ability for the program to start to be fund-generating to the extent that clients of the program can pay some kind of a tuition fee. That is something we are exploring with the colleges involved in the delivery of the training with us. In fact, it has been their recommendation that we look towards some kind of tuition fee in this program because of the demand for the program. The demand far outstrips the available dollars in any event. Clients who wish to be in the program are prepared to pay for participation, or pay some fee towards participation.



**Hon Mr Allen:** I believe the program is not as constrained as the graph would indicate. Are the actual figures not 9,700 and not 8,500?

**Mr Zisser:** Yes. I think at the time the graph was prepared we anticipated a much greater effect in the total reduction than what we now think will be the case.

**Mr Daigeler:** So you are also saying, though, that the clients are very interested to have their skills updated. Perhaps it is a lack of resources that—

**Mr Zisser:** In general, the client group are employed journeypersons who are looking for an opportunity to upgrade their skills and, if given the opportunity, are quite prepared to foot some of the bill themselves. Our key investment as a ministry generally is first to put in place the curriculum and then to put in place the arrangement whereby the clients can get that training. We are now looking to ways to have clients more fully participate in the training. In other words, we would not want to limit the availability of the program, particularly if people are prepared to pay, simply because of the fact that there is a set budget.

**Hon Mr Allen:** I think the clients in this case are all fully employed journeypersons.

**Mr Zisser:** Yes.

**Mr Daigeler:** Do you see that updating of training of employed workers as part of the projected work of the Ontario Training and Adjustment Board?

**Hon Mr Allen:** Oh yes, very much. That will be the first responsibility devolved to OTAB, the workplace training, and therefore the enhancement of the skills of employed workers, and then we go on from there.

**Mr Daigeler:** This is where I am a bit confused. On the one hand you give emphasis to updating as a prime target for OTAB, and on the other hand it is an area where you have started to cut and make a reduction. How do you explain that conflict?

1730

**Hon Mr Allen:** If I can refer you to page 53, the technicians and technologists upgrading program, I want here to tell you that in my answer to you yesterday I slipped in the words "trades updating" and then at the same time I referred to the technicians and technologists upgrading program, so it sounds as though they are one in the same thing. They are different.

The trades updating program indeed has had some reduction, but it is more than made up for by the amount of dollars we have put into the technicians and technologists upgrading program, which had an infusion of an additional \$2 million over the course of the last year. On balance, we are actually moving further ahead on that front, but we are doing it in another form with technicians and technologists who are out there, notwithstanding the fact that fully employed journeypersons certainly need opportunities to enhance their skills as well because they are training apprentices.

**Mr Daigeler:** If I am not mistaken, the provincial advisory committees were associated with this particular program. What is happening to those provincial advisory committees? I think they are somewhat in limbo.

**Hon Mr Allen:** In fact, no. That has been a very onerous and extremely active pursuit of both past directors. I referred earlier to Peter Landry, who is here, and to Helmut Zisser, the current director of the apprenticeship branch. Mr Zisser, perhaps you could sort of get us up to date on that one.

**Mr Zisser:** A provincial advisory committee is established for a regulated trade. There are currently some 21 committees that we have put back into operation within the last 18 months. We are planning to do more and to have more committees up and running, so that is the effort we have made. As those committees are brought back into operation their first assignment is generally to look at the training standard in place for the trade to determine whether that is still current, and if not, to initiate a process for updating it. We have updated some 50 standards in the past two years.

The committees are also being asked to review the regulations that govern the trade, particularly in relation to the appropriateness of the apprentice-to-journeyman ratios, as well as the wage ratios. A number of committees have recommended changes to the regulations. We have so far enacted five of those regulatory changes and quite a number of others are planned in the next while. Those are some of the activities the committees are now undertaking.

We are also being much more rigorous in so far as we expect the committees to start to provide the minister with an annual report on the state of the trade and the kinds of changes that are required. We are asking them to meet more frequently so that they can become a more involved party and take greater ownership for the trade. Those are the kinds of steps we have taken to try to reanimate and revitalize those organizations.

**Mr Daigeler:** That is good to hear. The minister also will be familiar with the study that was done on access to professions and trades. I am just wondering if you have any position with regard to the work that was done. Where is that at? Are you working with the Ministry of Citizenship? It has some responsibility for that, or at least it used to have. I do not know who has responsibility in your government for this. Has there been any discussion on that? What is the position of yourself and of your ministry with regard to that document and with regard to the work that was done there? Are you planning any initiatives there?

**Hon Mr Allen:** I will ask Leah Myers to respond to that, but as you will know, under the agreement that we struck with the federal government, very notable access questions were dealt with there. We managed to expand the provision for special priority under training from the four federal designated groups to a total of eight, which would include, in addition to the normal designated groups, francophones, displaced workers, the unemployed and social assistance recipients.

**Mr Daigeler:** I am not sure whether I made myself fully clear. What I am talking about is of course the study that was done to compare training in other provinces or other countries and how that training would allow access to Ontario professions and trades.

**Hon Mr Allen:** There is an initiative under the Ministry of Citizenship which is focused around the whole issue of prior learning. That initiative is under way, although I am not entirely up to date on it. Leah may have that information for us. As you also know, we have initiated under the Vision 2000 reforms a prior learning assessment project for the college system as distinct from access to work, but it will entail some of the same considerations about how you measure prior learning and how, through it, people can gain better access to the college system.

As for the work-related issue, Leah, is there something you can help us with on the citizenship front?

**Ms Myers:** I am Leah Myers, manager of corporate policy. I can add a couple of things to that around some of the recommendations of that report and how we have responded to them, one of them around being able to evaluate a person coming into the system as to his prior learning as you raised it.

One of the recommendations was around developing competency-based training so that you can look at particular areas of skill and judge an applicant's prior learning and experience against that. That is one of the areas in which we have done a lot of work in introducing competency-based standards.

We have also done some work, and I can provide you with more detail if you are interested, around reaching out to communities that may not have access to apprenticeship programs, for example, through our marketing and promotional efforts aimed at third-language communities. We have also been working with the Ministry of Citizenship quite closely in preparing its overall response to the access report.

**Mr Daigeler:** That is presently under consideration because I think, especially for immigrant Canadians, this is very much an issue that is very dear to their hearts. Are you receiving a lot of complaints? Perhaps that is the wrong word, but is it coming up frequently that you are receiving requests from trained individuals who are not allowed to enter certain trades because of the qualifications that are not accepted?

**Mr Sosa:** Could I respond to that? Yes, there were complaints received. As a ministry, we then co-ordinated through the ethnic press and through the immigrant press and convened a workshop. It was convened very recently, this fall, as part of the client and customer service relations between our ministry and outreach for our clients.

I was able to bring together all the community action and immigrant groups, invitations were sent out. Therefore we shared all the information concerning our apprenticeship programs so that now they have what they did not have in the past. First, they did not know where to go and how they could get information for assessing their standards, their degrees and also the training they have had.

Through this community network, the response was very good as a first meeting. It was started this fall and we intend to have many more meetings. What we now have established in the ministry is the outreach and the network with all our community and immigrant associations in particular, so that once the Ministry of Citizenship has completed the work it is doing, I think there will be easier

access for these individuals to start proceeding with the recommendations which will come from government. I am saying, first, yes we have received complaints and, second, we are already proceeding with outreach programs.

1740

**Hon Mr Allen:** I could alert the member to something he probably should know. Under the recent agreement with the federal government, one area where we were not able to make the kind of advances that we wanted to make was with regard to further funding for language programs. Of course, as you know, they specifically focused on immigrant and recent arrivals, but not only them. The reason for that is that the federal department appears to be undergoing some internal reorganization, dividing all the training programs in one half of the department and the language support programs in the other half of the department. They were going through an exercise of separating these things out at the time we were trying to negotiate the comprehensive training agreement.

They simply told us, in response to our repeated insistence that we wanted to enhance that part of the agreement, that they had no mandate to discuss that and would not talk about it. However, they did assure us that they would be quite happy to talk about this under either a specialized agreement during the three years the current agreement runs or in the context of a comprehensive immigration agreement with the province of Ontario. They have been most encouraging about our going back to them on the subject. If you find the enhanced dollars are not there, that is why. They were not prepared to include them in this agreement. We will be actively taking up those options in the next year.

**Mr Daigeler:** I guess we are reaching the end of the process here. On page 41 you spell out the budgets for the various training incentive programs. Could you provide me with a breakdown of these budgets for the administration costs for each of these programs, what is going into administration and what is actually going into programs?

**Hon Mr Allen:** Sure. We can do that on a program-by-program basis if you wish; no problem. I note, however, that you should realize that the apprenticeship program, for example, is very heavily an administrative program and therefore you will find the administrative dollars will bulk large because the nature of the program is to administer. It is not a delivery of service in the training itself. That takes place in the workplace under the employer.

**Mr Daigeler:** Yes. I noted your response earlier because the question had been asked. At the same time though, and I quoted that a little bit earlier, there was reference in the Premier's Council report that there is too much administration around that whole question of apprenticeship. Whether they are blaming the ministry or in fact even the private sector, it is probably a combination of the two. I think it is always good to keep the administration costs low. I am sure the minister has the same interest at heart.

**Hon Mr Allen:** It depends on the program.

**Mr Daigeler:** Can you or someone enlighten me? What is the difference between the Ontario traineeship program effort and the apprenticeship?



**Hon Mr Allen:** It is distinguishable, quite clearly.

**Mr Horswill:** There are three significant distinctions. First, traineeship is a pilot program for three years that is to attempt something besides apprenticeship. It is up to two years in non-trade areas of skills. It is an attempt to develop new models outside the apprenticeship system that are more flexible, but it is not inconceivable that down the road they could be integrated into a more broadly based apprenticeship system.

The individuals in a traineeship are not indentured formally under the Apprenticeship and Tradesmen's Qualification Act as apprentices, but these pilots are being developed on a sectoral basis where there is concurrence with employee groups, unions and employer associations.

**Hon Mr Allen:** What we do is enter into a contract with the sector on a bipartite basis. The dollars are available for the development of a curriculum and then the development of a pilot project in which the curriculum will be worked out and applied to see how it functions and then modified and applied to the whole industry, hopefully with its investment of dollars in the subsequent program.

**Mr Daigeler:** I just could not quite see how different that is from what we are trying to do under the apprenticeship system, but really what you are saying is that you are just giving it a different name, more for perhaps budgetary reasons than for anything else, because you are saying that with what we are learning from this, we may reform the apprenticeship—

**Hon Mr Allen:** No, it is quite different.

**Mr Sosa:** When the pilot project started, it was part of the youth skills package, and as part of the youth skills package, it was linked to the school-to-work apprenticeship program, traineeships and then summer trades. Therefore, we are dealing with entry level jobs. It came back that 64% of all students who were entering high school then went into the workforce with neither skills training nor some kind of post-secondary education.

Our mandate deals with training in the workplace. Therefore, it was one of those pilot projects, as with the school-to-work apprenticeship program, to see whether we could deal, in a co-determination in the workplace for entry level jobs, with the training of those who were entering the workforce. There is a clear distinction between that and apprenticeship because it deals primarily with entry level training. You are dealing with generic skills, basic skills. That is the type of thing we are dealing with.

**Mr Daigeler:** By entry level, you really mean generic skills, basic skills.

**Hon Mr Allen:** The apprenticeship focuses on a much more rigorous, long-term skills training program.

**Mr Daigeler:** But that is one of the problems identified with the apprenticeship program, that perhaps it is too long.

**Hon Mr Allen:** Some indeed, others perhaps not, and that is part of the review process we are going through at the moment. This is different in that it deals with the cluster of entry level skills that are needed in a given industry, such as electrical or electronics or plastics, to get employees off to a good, running start in that industry. It does contain

a component of generic skills as well so that they will have a package that makes some sense for them, both in the longer term and in the short-term needs of the industry.

In the plastics industry, we discovered that there was a high turnover rate, for example, in the employment in that industry. When it was analysed, it was discovered that the central problem was that there were not adequate entry level skills to cope with the demands of the jobs in the industry and that was why people were sort of peeling off, getting out, dropping out, being fired and so on, because they could not cope. So we put together a package of traineeships to cope with that.

**Mr Daigeler:** I see the Chairman waving his gavel there. It must mean something.

**The Chair:** No, no, I woke up in time to get all of it actually. As we are coming close to the time, I wonder if the committee would allow me to ask the minister one quick question.

**Mr Lessard:** I do not know. It depends on what the question is.

**The Chair:** That is an invitation to hear it.

Minister, today your government announced a discussion paper on employment equity. Can you share with the committee the degree to which you have influenced that discussion paper and are addressing or are concerned about the issue of a large number of employment situations where the trained workforce, starting at the apprenticeship level, must be committed so that the employers can follow through with the objectives of employment equity? Do you not see as hand-in-glove, and to what extent has your ministry been involved in developing the consultation process?

Interjections.

**The Chair:** I just wanted to raise employment equity. It is an important issue in my caucus and it had not been raised, and I was hopeful that the minister would discuss that briefly.

**Hon Mr Allen:** Obviously it is critically important to the government, because we brought forward the initiative, and certainly in my ministry we see the initiatives we take in the training front functioning hand-in-glove with the employment equity enterprise which is being sponsored by the government as a whole.

Those employment equity measures are in significant ways reflected in the recent training agreement with the federal government, because there is a major expansion in the equity proposals in that document which both governments endorse. I cannot see the initiatives of this ministry or the initiatives of employment equity doing anything other than marching forward in the most intimate fashion to the benefit of everybody in the Ontario marketplace.

**The Chair:** It being near 6 o'clock and in anticipation of a call to the House for a vote, I would like to proceed with the votes, if I have the agreement of the committee.

Votes 3601 and 3602 agreed to.

**The Chair:** Shall the estimates of the Ministry of Skills Development for the year 1991-92 be reported to the House without amendment?

Agreed to.

**The Chair:** Before I call for adjournment, I believe the minister wanted to express his appreciation to the staff who were here to assist the committee in its deliberations. Please proceed.

**Hon Mr Allen:** I do want to thank you, Mr Chair, for your chairing of the meetings we have had over the last three days of these estimates, and also the staff from the clerk's office who have facilitated it all, not least of all our scurry to attempt to make some rearrangements which then were not necessary. We apologize for putting you through all that, but it has worked out well for us as well.

I want to thank my own staff who have appeared and responded to questions from the committee. I want to thank you all. Unfortunately we could not call you all forward. I am sure you were all eagerly waiting. I saw you on the edges of your seats in anticipation. Leah relished the opportunity to star in response to a question.

Can I say finally I appreciate the questions that have come from all sides in the committee. It has been a helpful process to hear what your concerns were. I look forward to further dialogue with the critics in the House and on other occasions. I hope they will feel free to approach me about

any and all aspects of the ministry as we go through these subsequent months until we meet again in estimates.

**Mr Daigeler:** I wish to thank the minister for being here and for what I thought was an enlightening process. As was indicated by the third party earlier, I think the minister has a very good grasp of his ministry. I think he has given us some indication of the cards he is holding. He has not given us a full picture, but I did not expect him to do that and I think he has given us enough to follow his work quite carefully and closely. I still look forward to some of the written responses that will make our work easier. For that, I thank the minister and his officials.

**The Chair:** I believe the staff are aware that they can provide those answers to the clerk, who will in turn circulate them to the committee. We will reconvene tomorrow immediately following routine proceedings or 3:30 to commence estimates of the Ministry of Northern Development and Mines. There being no further business, the committee meeting is adjourned.

The committee adjourned at 1754.

#### ERRATUM

The front cover of issue E-19 should read:

**Ministry of Transportation**



## CONTENTS

Tuesday 5 November 1991

Ministry of Skills Development . . . . .E-605

### STANDING COMMITTEE ON ESTIMATES

**Chair:** Jackson, Cameron (Burlington South PC)

**Acting Chair:** Johnson, Paul R. (Prince Edward-Lennox-South Hastings NDP)

**Vice-Chair:** Marland, Margaret (Mississauga South PC)

Carr, Gary (Oakville South PC)

Daigeler, Hans (Nepean L)

Farnan, Mike (Cambridge NDP)

Lessard, Wayne (Windsor-Walkerville NDP)

McGuinty, Dalton (Ottawa South L)

McLeod, Lyn (Fort William L)

O'Connor, Larry (Durham-York NDP)

Perruzza, Anthony (Downsview NDP)

Wilson, Gary (Kingston and The Islands NDP)

**Substitutions:**

Cunningham, Dianne E. (London North PC) for Mrs Marland

Ward, Brad (Brantford NDP) for Mr Perruzza

**Also taking part:** Brown, Michael A. (Algoma-Manitoulin L)

**Clerk:** Carrozza, Franco











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## Legislative Assembly of Ontario

First Session, 35th Parliament

## Official Report of Debates (Hansard)

Wednesday 6 November 1991

### Standing committee on estimates

Ministry of Northern Development  
and Mines

## Assemblée législative de l'Ontario

Première session, 35<sup>e</sup> législature

## Journal des débats (Hansard)

Le mercredi 6 novembre 1991

### Comité permanent des budgets des dépenses

Ministère du Développement  
du Nord et des Mines



Chair: Cameron Jackson  
Clerk: Franco Carrozza

Président : Cameron Jackson  
Greffier : Franco Carrozza

Published by the Legislative Assembly of Ontario  
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Éditeur des débats : Don Cameron

## Table of Contents

Table of Contents for proceedings reported in this issue appears at the back, together with a list of committee members and other members taking part.

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at (416) 325-7400.

## Table des matières

La table des matières des séances rapportées dans ce numéro se trouve à l'arrière de ce fascicule, ainsi qu'une liste des membres du comité et des autres députés ayant participé.

Il existe un index cumulatif des numéros précédents. Les renseignements qu'il contient sont à votre disposition par téléphone auprès des employés de l'index du Journal des débats au (416) 325-7400.

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON ESTIMATES

Wednesday 6 November 1991

The committee met at 1533 in committee room 2.

**The Chair:** I would like to call to order the standing committee on estimates. We are reconvening to commence the estimates for the Ministry of Northern Development and Mines, specifically votes 301 and 302, which deal with Northern Development. Before we commence, I would like, if I might, to share with the committee some information. With the indulgence of the minister, it will only take a few moments but we have to resolve some committee matters.

The committee will be aware that under your direction I wrote to all the House leaders requesting an opportunity to extend our hours and our time frame to complete the estimates as assigned to us in accordance with the standing orders—in other words, of all 12 ministries—and to be given sufficient time in order to complete them. I have received a letter dated November 4, now in front of you, that the government House leader's special assistant is writing us that they have been unable to agree on terms that would allow the committee to utilize additional sitting time.

I want to further advise the committee that when checking with the three House leaders I am advised that both the opposition parties had expressed concern in meeting the request and that the resistance was coming from the government House leader. That was borne out in my conversation with the government House leader. I understand that both opposition parties have requested through their House leaders that this matter continue to be raised to try to seek a resolution. They are not satisfied that completing only 5% of the total estimates of government spending for this fiscal year is a supportable position, especially in light of the fact that this committee did not put itself in that position. There were circumstances beyond the committee's control.

I will entertain any brief discussion, but I am sharing this update with the members of the committee and will be directed by their guidance. That is terrific. I thank you. The Chair will therefore continue with his ongoing discussions with the government House leader and report back to you.

### MINISTRY OF NORTHERN DEVELOPMENT AND MINES

**The Chair:** As stated earlier, I would like to welcome the Minister of Northern Development and Mines, Miss Shelley Martel. Minister, welcome. As you know, you have up to 30 minutes for your opening statements, copies of which have already been circulated to the committee. Please introduce any or all members of your ministry staff you have invited to participate, at least in the opening segment. Then we will move to the official opposition for up to 30 minutes and we will go in accordance with the standard procedures. Please proceed, Minister.

**Hon Miss Martel:** Thank you, Mr Chairman. Thank you to all the committee members, as well. There are a number of ministry people and my own political staff who are here, who will be available for questions as well. I will just introduce those people at this point. With me are Brock Smith, the deputy; Mike Barker, who is assistant deputy minister on the Northern Development side; John Gammon, assistant deputy minister on the Mines side; Sheila Willis, the assistant deputy minister of corporate services; Mike Irvine, the director for financial services; and Heather Robertson, the senior policy adviser in corporate services. My own political staff are MaryLou Murray, my acting executive assistant, and Kathleen O'Hara, my communications assistant. Stewart Kiff, who does policy, is wandering in and out.

Two things, if I might, before I begin my formal remarks. We indicated to the Chair some time ago that although the Mines estimates have been completed by the former minister, we were prepared to answer questions on them. I will be making some reference to the Mines section of the ministry in my remarks. Second, we have copies of the remarks for everyone. You have English copies, I would think, most of you. I have some French in mine, but I think you will be able to follow along. Having said that, I will begin my formal remarks.

Mr Chairman and members of the committee, I am pleased to have the opportunity today to speak to the 1991-92 estimates for the Ministry of Northern Development and Mines.

In the past year the new provincial government has had to deal with some of the greatest challenges our citizens have had to confront in a long time. Ontario has in fact been faced with the worst recession in 50 years and the north has been particularly hard hit.

In the mining sector we have experienced closures or layoffs precipitated by a decrease in metal prices and the high value of the Canadian dollar. The forestry industry in northern Ontario has also been faced with difficult times. The high Canadian dollar, interest rates which only recently have begun to be lowered, and the 15% tax on softwood lumber have all contributed to the instability of numerous sawmills.

De nombreuses localités ont également été durement touchées par la récession et par d'autres problèmes économiques. Le ministère du Développement du Nord et des Mines a toutefois joué un rôle très important dans le Nord de la province cette année et a aidé les résidents et les résidentes à surmonter certains de ces problèmes.

Before I deal with specific initiatives, let me give committee members a general overview of our ministry's mandate. One of the two votes you will be taking during this process will be on the activities of the corporate services division of our ministry. Last month the corporate services

division completed its first year of occupancy in its new home in downtown Sudbury. Our new operations are a fine example of how government ministries can function very well away from Queen's Park and outside the greater Toronto area.

In our ministry, as in other ministries, the corporate services division helps our two programming divisions—the northern development and transportation division and the mines and minerals division—operate smoothly and efficiently. It provides management, administrative and policy co-ordination services which help the divisions carry out their programs.

1540

Northern Development and Mines is the only government ministry whose responsibilities, on the northern development and transportation division side, include delivery of a full range of programs to a specific region of the province. In fact, we have a network of 28 storefront operations, consisting of a northern development officer and a client services adviser, who provide information on all government services and programs. These people are sometimes the only government presence in some small northern communities.

The second vote you will be taking is for the programs of the northern development and transportation division, which is responsible for promoting local and regional economic development and diversification, improving access to social and health services for northerners, and planning and co-ordinating an integrated transportation system.

En ce qui concerne le développement économique, le ministère offre les programmes suivants : le programme d'aide au développement économique des municipalités, le programme de subventions d'immobilisation pour les communautés non enregistrées, le programme d'amélioration des immobilisations des petites localités, ainsi que des programmes d'aménagement riverain et des programmes de développement économique pour les autochtones.

These programs are aimed at diversifying the north's economic base, particularly in single-industry communities. They also help to create and expand small and medium-sized businesses, and maintain the competitiveness of the north's resource-based industries. The underlying theme of these programs is to increase employment opportunities for northerners.

Other programs, such as the summer science school program, SNAP, the supplementary northern assistance program, and native social programs are aimed at improving the quality of life for northern residents by assisting in the development of basic amenities within each community. Priority is given to providing social and health care services locally, particularly to the elderly.

An important part of the northern development and transportation division is the Northern Ontario Heritage Fund Corp, or NOHFC. Its major goal is to promote and stimulate economic development in Northern Ontario. I will come back to the heritage fund later.

On the mining side, the ministry's responsibilities extend to mining and exploration communities throughout the province. The mines and minerals division administers a

network of resident geologist offices and mining recorder offices in Ontario.

The Ontario geological survey provides information on Ontario's geology and mineral resources in order to encourage exploration, provide a basis for land use planning and aid the development of non-renewable resource policies.

The mines and minerals division develops policy, standards, guidelines and legislation to maintain an optimum level of mineral production in Ontario.

As I said earlier, in this most difficult year, the Ministry of Northern Development and Mines has made a big difference in the north. I want to take some time to look at specific initiatives which we undertook to respond to the hard times we were encountering. First, anti-recession.

Au mois de février, j'ai annoncé l'octroi de 40,8 millions de dollars pour la mise sur pied de divers projets dans le Nord de l'Ontario. Ces projets, qui s'inscrivaient dans le cadre du programme antirécession du gouvernement, ont permis non seulement de réduire le taux de chômage attribuable à la récession, mais aussi, dans de nombreux cas, d'améliorer l'infrastructure indispensable à la croissance et au développement des collectivités du Nord.

Projects funded by my ministry included waterfront development, top-up on water and sewage systems, and improvements to community centres and snowmobile trails.

I am especially pleased that we were able to provide community-based services and facilities for day care, family violence programs, as well as shelters and group homes for developmentally handicapped people.

More than 60 localities and some 90 native communities across the north benefited from our anti-recession initiatives.

The native component of the provincial anti-recession program generated employment opportunities in areas of extremely high unemployment while at the same time accelerating the development of community facilities and improving community housing. Many communities took advantage of this funding to supplement and accelerate regular federal and provincial programs, particularly in the housing sector.

Our recession-fighting strategy also provided \$100,000 to Confederation College of Applied Arts and Technology in Thunder Bay to supervise native alcohol treatment programs on 23 reserves. College faculty fly to remote communities to train local counsellors to deal with alcohol abuse.

Our anti-recession projects have created more than 3,000 person-years of work. By the month of August, funding for 80% of these projects had already been allocated and many were well under way.

I believe our government's commitment to northern Ontario was well demonstrated through its anti-recession program. More than \$210 million, or 30% of the \$700-million package, was allocated to projects in the north.

In response to our youth migration report, which confirmed that many of our northern young people leave the north in search of employment opportunities, I announced last January a new initiative called Nortop, the northern training opportunities program. This \$3-million northern training opportunities program is a wage subsidy program which encourages employers in northern Ontario to provide practical work experience for young people. But Nortop is not only a job creation program. It has a strong



training component that enhances participants' skills and helps them secure permanent jobs in the future. The loss of our young people is one of the biggest problems facing the north and Nortop is one way of ensuring our youth have a future here. Last summer's introduction of Nortop was very successful. All the claims have not been recorded, but we expect the final tally will show that more than 2,500 positions were created.

I might add at this point, because we want to be sure the program is effective and working well, we will be undertaking consultation in eight communities across the north this winter with both those students who participated and employers to figure out how it works and how we might improve on it.

I am very pleased with another initiative our ministry has undertaken in the past year. In March, I announced a new capital grants program, SCIP, the small communities improvement program, for northern municipalities with a permanent population of up to 2,000 and for native communities. SCIP provides minor capital funding for the construction or renovation of permanent installations to enhance the delivery of essential services. This new program has helped to improve the quality of life for people residing in small communities across the north. Projects which may qualify for funding include community wells, fire stations and public works facilities. In special circumstances, supplementary funding is available for parks, community centres, libraries and day care centres, as well as cultural and heritage facilities.

The success of this program has surpassed all our expectations. This year, SCIP's entire budget of \$1.5 million was allocated to 38 approved projects. We are committed to making SCIP a full-fledged ministry program.

Our greatest challenge as a ministry this year has come with our involvement in seeking positive solutions to the great difficulties that developed in Elliot Lake and Kapuskasing.

Change and restructuring of the northern economy is occurring. In our opinion, the ministry and the government need to be part of this transformation to manage it as well as possible. Elliot Lake and the communities along the north shore have experienced and will experience devastating layoffs in the uranium mining industry. Our government has made every effort to support the people of this area in their efforts to diversify the economy.

In December, I announced a \$15-million diversification package for that region which included a \$10-million contribution from the province and a \$5-million contribution from the Northern Ontario Heritage Fund Corp.

I am pleased to report that all the initiatives provided for with this funding are under way. The \$2-million expansion of the Elliot Lake airport is now complete. The \$3-million field station for reclamation and abandoned mine research by Laurentian University of Sudbury is now being staffed: 15 to 20 research and development positions will be created.

The Oaks Addiction Treatment Centre in Elliot Lake is now under final design. This centre will create 40 full-time and part-time jobs.

The Ministry of Natural Resources' land transfer of property in Elliot Lake to the city has been finalized.

The Elliot Lake retirement living program, a major economic diversification thrust for Elliot Lake, has attracted approximately 2,000 seniors into the community to date. This represents some \$30 million to \$40 million of annual expenditure in the local economy.

1550

In March, we helped establish a working group to advise the government on how best to help the Elliot Lake area with its economic diversification initiatives. The working group consists of representatives from the municipalities, education, labour, business, first nations and the government. It is an example of the kind of consultation and co-operation the province wants to stimulate. The efforts of the working group were indispensable in developing a package of initiatives that addressed the critical issues of the region.

Last June I was very pleased to announce a special \$250-million adjustment and diversification package, funded by Ontario Hydro, which is designed to help the Elliot Lake area make the transformation from a dependence on uranium mining to a more diversified economy.

This comprehensive package contained three main elements:

(1) a commitment by Ontario Hydro to continue purchasing uranium from Rio Algom until December 1996. This helped create 75 new jobs and maintain 575 jobs at Rio Algom operations;

(2) Ontario Hydro also committed \$65 million to be used to meet community needs for both short-term adjustment and long-term diversification. Of this amount, \$9.6 million was targeted for short-term job creation to benefit about 1,000 workers in the Elliot Lake area;

(3) Ontario Hydro will earmark \$25 million for a number of energy initiatives including a local energy efficiency program and developing cogeneration potential in Elliot Lake.

This adjustment and diversification package recognized Ontario Hydro's unique obligation to the Elliot Lake area. Hydro is fulfilling its role as a responsible corporate citizen by assisting that region as it adapts to changes in the uranium contracts.

In Kapuskasing, after months of discussions, the Ontario government, Kimberly-Clark, Tembec, the Employee Ownership Group and Ontario Hydro worked out an agreement to save as many jobs as possible at Spruce Falls Power and Paper Co. This agreement allows the employees and the community to own 60% of the shares of the new company. There will be 800 workers at the mill next year and 670 after 1994. Another 150 to 200 workers will be involved in construction to modernize the mill. Kimberly-Clark had originally planned to cut the entire workforce to 250.

I am pleased that the efforts of the government working group, which our ministry established and chaired, led the negotiations which eventually made a deal possible. It was rough going and hundreds of hours were spent putting pieces together. Both the Purchasing Employee Group and the Employee Ownership Group were instrumental in finding a positive solution.

Le ministère continue à jouer un rôle important dans la région de Kapuskasing. Nous présidions en effet un comité interorganismes, formé de fonctionnaires, qui coordonne

les mesures adoptées par le gouvernement pour répondre aux difficultés économiques qui affligent Kapuskasing et les localités avoisinantes.

Nous participons également aux activités du groupe de travail communautaire local voué à la diversification économique régionale. Le comité de diversification économique de la région représente six collectivités de la région dans un corridor de 70 milles.

The 6/70 committee has been very active and is now awaiting funding for various job creation projects. These include forestry programs, the renovation, expansion and upgrading of municipal, recreational, and community facilities, and the beautification and construction of community buildings. I am looking forward to making further announcements pertaining to the Kapuskasing area in the near future.

I have the privilege of serving as chairperson of the Northern Ontario Heritage Fund Corp. The corporation has invested more than \$62 million in northern Ontario businesses and firms since October 1990.

Some of the projects that have received assistance include \$5 million to Algoma Central Railway to help maintain its operations and secure employment in Wawa and Sault Ste Marie; \$2.1 million to Deak Resources in Virginiatown to upgrade the daily capacity of the gold custom milling facilities; \$2.2 million to the Nipissing Indian Band 10 for the establishment of a fur-dressing plant near North Bay; \$1 million to the Ontario Cancer Treatment and Research Foundation in Sudbury to help further research in the area of bone marrow transplants, and a total of \$5.1 million in loans and loan guarantees to the two major employers in the town of Atikokan—the Sapawe sawmill and Proboard Ltd—protecting almost 500 direct and indirect jobs in the region.

In July, the three-year term of a large number of NOHFC members had expired and I made a major change in the composition of the board. We now have equal representation of men and women and a balance between business and labour, as well as increased aboriginal participation. I believe the board better reflects the makeup of our northern society, and I am convinced the new members will be as committed to their work as were the former members.

Sawmill adjustment initiative: In response to an overwhelming need to aid our sawmill communities through tough economic times, we have worked with our northern communities to keep their mills open. This sawmill initiative has helped 12 communities with sawmill and wood-related industries. Again, these communities were negatively affected by the high value of the Canadian dollar and found it increasingly difficult to export their goods.

The NOHFC has provided \$14 million to sawmill communities to see them through these tough times. We have also helped mill operations in their dealings with various banks and have leveraged assistance much beyond the amounts originally committed.

Last August, I officially opened the Northern Reception Centre at our offices at 10 Wellesley Street East in Toronto. This new centre is designed to help northern municipalities, first nation representatives and economic development

officers carry out their business in an effective, professional way while in Toronto.

The Northern Reception Centre consists of a boardroom, two offices and support equipment such as photocopiers, telephones and a fax machine. It is a response to the need expressed by northern community leaders for a place to call their own while doing business in Toronto.

Most recently, on the northern development side of the ministry, I announced the creation of the northern Ontario marketplace program. This is a three-year pilot project to help northern enterprises tap into public and private sector procurement markets.

The new program will consist of two storefront offices that will provide a matching service between northern buyers and northern suppliers. It will also serve as a central source of information about the buying needs of northern agencies: federal, provincial, municipal, institutional or business sector. One office will be located at Confederation College in Thunder Bay and the other will operate at Cambrian College in Sudbury.

The marketplace program will result in greater opportunities for northern businesses to compete for the delivery of goods and services.

Last week, I announced a new grass-roots consultation program for northern Ontario which we have called SCAN North—strategic consultation and action now north program—or, in French, *Stratégies Consultations Actions Novatrices, Nord*. This program consists of specific projects initiated by the ministry on the advice of northerners. These projects will take various forms, including task teams, project advisory committees and one-day roundtable sessions. Individuals and groups with a special interest or area of expertise will be asked to apply their experience, insight and skills to assist us.

Five SCAN North projects pertaining to forestry, mining, waste management and recycling, support for small business and native entrepreneurs, and native economic development in the private sector have been initiated.

Le fait que les participants sont issus des syndicats, du monde des affaires, des premières nations, des localités et de la province témoigne de la collaboration et des partenariats qui se sont établis jusqu'à ce jour.

Our ministry also administers programs aimed specifically at native communities. For example, our winter roads and remote airport programs allocate about \$10 million a year to provide improved transportation to first nation communities.

#### 1600

We also provide funding to improve the social infrastructure on reserves and help communities complete resource development agreements which give them economic and social benefits through local resource extraction. These agreements include targets for native employment along with appropriate training. Native culture and traditions are taken into account.

Recycling: The Ministry of Northern Development and Mines is active in the promotion of recycling across the north. We provide capital assistance to communities wanting to introduce recycling. Our funding supplements Ministry of the Environment and Ontario Multi-Material Recycling



Inc programs. Since October 1990, for example, we have provided some \$785,000 to Sudbury, \$310,000 to Sault Ste Marie, \$250,000 to North Bay, and \$80,000 to Parry Sound and district to further their recycling and blue box programs.

MEDA: The municipal economic development agency program continues to be the primary catalyst in helping northern communities to help themselves. Through it, some 35 communities receive an annual allocation of more than \$3 million to operate and staff their economic development offices.

Mines and minerals: I would like to point out that my appointment to the Mines portfolio in last July's cabinet shuffle was beneficial on two counts. First, as you are aware, most mines are located in northern Ontario, and the joining of Northern Development and Mines responsibilities gives us a much more comprehensive picture of what is occurring across the whole area.

Second, rejoining Northern Development and Mines under one minister has helped rationalize the work of the ministry staff. I know the committee is not voting on the work of our mines and minerals division, which went through the estimates process earlier in the year, but I am the minister responsible for both portfolios and I would like to take some time to speak to some of the new initiatives in that division.

OMIP: One of the first actions after acquiring the Mines responsibility was to change the criteria of our Ontario mineral incentive program, or OMIP, to recognize the need to promote exploration activity in the north. OMIP provides grants to qualified companies and individuals carrying out exploration in Ontario.

Normally grants amount to 30% of eligible expenditures to a maximum of \$300,000. In August I was pleased to announce that OMIP would be increased for northern Ontario and up to 50% of eligible expenses could be granted for mineral exploration in the north.

But even with the change in criteria, not all of the funds allocated to OMIP have been committed, this in spite of our efforts to increase the attractiveness of the program, particularly in the north. Two million dollars of these funds were, therefore, sent back to Treasury as part of our effort to respond to the government's restraint measures.

On another front, OPAP, the Ontario prospectors assistance program, has enjoyed unqualified success. This year, the total \$4-million budget was committed to qualified individuals carrying out prospecting and other exploration activities.

Client centre: The building of our mines and minerals research centre, which will house our Ontario geological survey in Sudbury, continues on schedule and staff should be moved from Toronto by the summer of 1992.

Work has also begun on our new mines and minerals information centre in Toronto. In consultation with PDAC, the Prospectors and Developers Association of Canada, and other client groups, we are planning the opening of a new information centre to service our clients in Toronto. Toronto is the home of many mining company head offices and it was their desire to have a resource centre located here to meet immediate needs.

Rehabilitation: As part of our added responsibilities flowing from the proclamation of the Mining Act, staff of the new mineral development and rehabilitation branch have been working with mining companies to develop proper closure plans. Closure plans which describe how and when rehabilitation will be carried out must be approved before production begins. This requirement for an approved closure plan before production starts will result in mines being developed, operated and closed in a more responsible manner.

Le nouveau comité consultatif sur la Loi sur les mines a été mis sur pied vendredi dernier, date de sa première réunion. Ce comité compte des représentants de divers secteurs de la société, notamment des groupes d'exploration et d'exploitation minières, des syndicats, des industries, du tourisme et des groupes autochtones.

As part of our continuing consultation on mining legislation, members will monitor the impact of the Mining Act regulations and recommend needed changes. We look forward to the advice and input of our participants through this process.

In the same vein, I was pleased to have both native and labour representatives accompany me to the mines ministers' conference in Halifax last September. The mining industry has traditionally been well represented at that event, but this year was the first time a Minister of Mines chose to bring other stakeholders in the mining sector to the conference.

After the Halifax conference our ministry participated in Verona's international stone exhibition. This was our second year at that exhibition, which is an excellent vehicle for our government to promote the development of Ontario's marble and granite deposits and potential.

Italy is a world leader in the granite and marble industry, and last month I was delighted to welcome an Italian delegation to northern Ontario. The arrival of that delegation, as well as others which are planned, was prompted by the visit to Italy. The building stone industry in that country is fascinated with Ontario's dimensional stone potential, and is looking at investing in our province.

On Monday a federal-provincial agreement that will inject \$95 million into the economy of northern Ontario was signed in Sudbury. The northern Ontario development agreement, or NODA, covers three economic sectors: forestry, minerals and tourism. Seven line ministries from both governments are responsible for implementing the terms of the joint agreement directed at the revitalization and diversification of the north's economy.

Under NODA, innovative strategies will be developed and implemented to ensure that the minerals, forestry and tourism sectors remain competitive and develop in an environmentally sustainable way. NODA has the potential for immediate job creation as well as long-term benefits for northern Ontario.

I am proud of what my staff—both ministry and political—have been able to achieve in a short time under difficult circumstances. Our priority will continue to be the twofold goal that has been the basis of our work to date: first, to deal with the very difficult conditions imposed by the recession and fundamental restructuring of the economy in

as humane a way as possible and, second, to foster development in a manner that creates co-operation among business, labour, first nations and municipalities, while respecting the environment and aboriginal rights.

In the past year, these goals have guided us as we have worked with northern communities in crisis. Sault Ste Marie, Elliot Lake and Kapuskasing are the best known. A number of sawmill towns, such as Atikokan, have received a lot of attention, as has the Algoma Central Railway. As well, over \$210 million of anti-recession funding was pumped into northern communities.

Nous continuerons à nous efforcer de trouver des solutions pratiques permettant de protéger et de créer des emplois, de respecter l'environnement et de répondre aux besoins des premières nations. Ce faisant, nous mettrons en place les structures nécessaires au renouvellement de l'économie du nord de l'Ontario.

We have learned important lessons in the past year. We will continue to facilitate co-operation among labour, business, aboriginal and other interests. We will build on the natural gifts of our geography and resources, attributes that have spawned strong mining, forest products and tourism industries, especially through emphasis on value-added products.

I look forward to future challenges and to working with members from all parties to develop a strong and prosperous northern Ontario.

I would like to thank you, Mr Chairman and the committee members, for what I know was a long presentation. I appreciate your patience.

**The Chair:** It was right on time, so that is appreciated. Thank you, Minister. I would like to move to Mr Brown.

**Mr Brown:** I would like to begin by welcoming the ministry staff and the minister, and I congratulate the minister on her new portfolio—at least it is since I have had time to publicly speak with her—in taking on the Mines portfolio, which we all know is important.

I think the MNDM estimates are an excellent opportunity not only to review the progress and status of the ministry but also to examine in detail the economic health and social wellbeing of northern Ontario and its residents.

When the Ministry of Northern Affairs was created in 1977 many people in the north were pleased with the belated recognition of their need for specialized service. Under the leadership of the Conservative minister Leo Bernier, money flowed to numerous projects, municipalities and service organizations. This largess was appreciated but quickly recognized as politically motivated and misplaced. What was needed, if northern Ontario was truly going to develop, was the power to make its own decisions.

1610

Numerous studies have been undertaken—the Fahlgren report, the Rosehart report—and political and bureaucratic committees have combed the north examining single-industry communities, sectoral situations and the like, but what was always understood was that without a shifting of decision-making powers from Toronto to northern communities, significant change could not occur.

There was probably no person who understood the importance of this truth more than René Fontaine. He was instrumental in helping northerners understand that they needed more than handouts, that they needed to have control of the levers of change. He facilitated this northern empowerment in three ways: through the northern development councils; by ensuring that senior civil servants were located in the north, both through the transfer and the very successful relocation projects, and finally through the initiation of the northern Ontario heritage fund.

What everyone recognized in René was that he had a vision. He had a sense of how northern Ontario should develop. Not everyone always agreed with all the specifics of that vision, but it was still very important. Because René was so fervent and so clear in his vision, he inspired others, and he provided a leadership role for all northern Ontarians.

Never has there been a need for that kind of visionary leadership in northern Ontario as there is today. Northern Ontario is facing recessionary pressures unlike those in any other part of Canada. For the last year, layoffs have been crippling our principal industries, closing our communities, and leaving thousands of our people out of work and uncertain about their future.

Denison Mines, Rio Algom, Spruce Falls Power and Paper Co, Abitibi-Price in Thunder Bay, Domtar in Redrock, MacMillan Bloedel in Sturgeon Falls, Canamax Resources, Rexwood Products in New Liskeard, and Inco in Falconbridge and Sudbury have all had layoffs. These in turn spark other layoffs, closures and bankruptcies in subsidiary and related service industries.

There are many ways to illustrate the downturn in northern Ontario's economy. One of the most compelling is brought to us by the prospectors of Timmins, who point out that the spending on exploration in Timmins has gone from nearly \$100 million a few years ago to less than \$14 million this year.

Pyrok of Temagami never opened as a result of bad economics and lack of government support. There are a number of factors that the NDP continue to blame for northern Ontario's most recent economic demise: a high Canadian dollar, free trade, the GST, low metal prices, particularly in gold and uranium as well as other compelling factors, but in this instance, passing out blame is weak and simplistic. Blaming the feds is just not good enough when it is realized that northern Ontario is doing worse than similar jurisdictions in Canada and the world.

The price of gold is the same in northern Ontario as it is in Quebec, British Columbia or Nevada, yet the exploration and mining activity in those areas is outstripping northern Ontario by, in some instances, two to one. The reasons the northern Ontario economy is suffering inordinately when compared to other jurisdictions will hopefully be one of the main subjects of this estimates discussion.

The Ministry of Northern Development was created to respond to the needs of the relatively dispersed population living in the vast northern area of this province, which constitutes well over 80% of Ontario's land mass. I might say at this point that not many people understand that about 10% of the population lives in northern Ontario, but of that, 75% live in one of the five major centres, which



leaves 2.5% of the people on almost 90% of the land. It is tremendously difficult to administer and to promote.

We think the specific goals of this ministry should be to promote and support the social and economic wellbeing of northern Ontario residents and to foster the development of Ontario's mineral industry in a manner which enhances the economic performance of this province. In other words, the Minister of Northern Development and Mines must advocate both at the cabinet table and publicly for northerners. She must find ways of developing northern industries, educating and caring for northern youth, creating and maintaining northern jobs, and enhancing the quality of life for all northerners.

These are lofty rhetorical words which will remain so unless they are accompanied by a comprehensive strategic plan. It is the nature of these plans that we will try to ascertain through this estimates exercise.

There are four principal questions we intend to ask during this process. We want to know how the problem is defined. We want to know what the current economic situation is in northern Ontario. What studies have been conducted to ascertain employment levels? Have these been done by sector? How many mines are operating in northern Ontario today? How many saw mills? How many paper mills? What will these numbers look like a year from now or two years from now or three years from now? How many people are being employed in mining, forestry, pulp and paper and manufacturing? How many, in both real and percentage terms, have been laid off in the last year? Has the recession affected some regions worse than others? For example, why is Sudbury apparently less affected than Sault Ste Marie? Are there elements of Sudbury's diversification that can be applied in other situations?

How many bankruptcies were there in northern Ontario last year? How many small businesses were started? What is the status of the self-employed sector? How many prospectors are at work since last year? Does the minister have any idea about underemployment in northern Ontario? What are the up-to-date statistics on native unemployment? How many reserves does the ministry now administer to? Are unemployment levels still at 13.5%? Where does the ministry get its numbers? What is its sense of the youth migration statistics? Can the minister give us those numbers and tell us what priorities she has given to the particular report?

What other global factors must be taken into consideration when defining northern Ontario's economic problems? What studies are being undertaken by her ministry currently? What other points of reference has she been using? Has she had contact with other jurisdictions or read any of the material on international northern communities which she feels is particularly pertinent to northern Ontario?

Second question: What resources do we have to attack the problem? Under that question we are going to ask for a description of the ministry's expenditures and programs in more detail, northern Ontario resources transportation program, Ontario Northland Railway, heritage fund, Canada-Ontario agreements and the softwood lumber tax.

Can you provide us with a break-out of what other ministries spend in northern Ontario and what revenues the

province derives from northern Ontario in total? What does the government spend in northern Ontario totally? How does this expenditure compare with last year? What is northern Ontario's tax burden and how much has that increased? What are the ramifications of licence fee reductions? Have there been studies on the increased gas taxes and the increased hydro rates?

How has the anti-recession fund helped northern Ontario? How was the money expended? Was it expended where it was most needed? What were the criteria for determining which anti-recession programs went ahead and which did not?

The third basic question we are going to ask is, how best can we utilize these resources? What are your plans as minister? What is your blueprint for northern Ontario? Can the minister define sustainable development, and how does this intermesh with her vision of northern Ontario? We will want to know how much input the minister has had on Mr Philip's upcoming industrial strategy.

Does the minister have representation on the Premier's Council on the environment and the economy? What plans have you discussed with other ministries for the increased prosperity in the north? How is the minister promoting northern Ontario? Why has she cancelled Ontario North Now, and where is the \$500,000 she promised northern Ontario as a result of that cancellation? Does she feel that her trip to Italy was cost-effective, and why? Can the minister explain the details of her negotiations with the federal government on economic regional development agreements? How many times did she meet with those federal officials? Which officials did she meet? Why did Ontario have to take such a cut in the forestry agreement, about \$9 million a year?

## 1620

The fourth basic question we want to ask is, how do we evaluate the success of her implementation of the programs? What is the minister's sense of the various ministry programs and expenditures? What is her sense of future expenditure on these programs? What criteria does she use?

Transportation: The Ministry of Northern Development is responsible for about 9,800 kilometres of northern highways, new roads for development and the construction of resource roads. How much is the minister planning on spending next year? Why did she spend less this year than the year before? What projects is she giving priority and why? What is her feeling, for example, regarding the four-laning of Highway 69?

What is the minister's opinion on crown land as a development tool? What steps is she taking to open land for prospectors and developers? What is her position on the opening of the Temagami land caution? Why will her ministry not recognize the four townships that Gary Potts has removed from that caution? When will she publicly state her support for the immediate lifting of the entire caution? What is her position on MNR's areas of concern, and is it true that northern development has given MNR an ultimatum that MNR not expand its areas of concern in northern Ontario?

What is the minister's position on northern tourism? Should the emphasis be on northern wilderness experiences, for example, or on more traditional recreational pursuits?

Has she met with the hunters and anglers? What perspective does she have on their tourism concerns? Those are among the questions that we intend to pursue during these next few hours with the minister. I will conclude my remarks there.

**The Chair:** Thank you, Mr Brown. I wonder if you have an extra copy of those questions. If not, the clerk would be pleased to photocopy it so that ministry staff has the complete list before them.

**Mr Brown:** I think we can do that. I will repeat many of them anyway as we go through.

**The Chair:** It is acceptable as a format that you request responses to be prepared and sent to the committee. You could have those in your possession prior to our next reconvening of committee hearings, which is probably around 19 November, as the House is not sitting and therefore the committee is not sitting next week.

**Mr Brown:** Sure. We will certainly give the clerk a copy of these.

**The Chair:** On that point then I might also get confirmation from the minister and the deputy with respect to any questions that could be submitted. Could you respond in writing during the course of the estimates? That would be very helpful to the committee.

**Mr Smith:** Some of them are factual and some of them are really questions of philosophy.

**The Chair:** Yes. I am sure you can distinguish between fact and philosophy and respond to those in written form, but it is not customary to request it in a written form so the committee can analyse that.

**Mr Brown:** We will do a little bit of work on these questions and give them to the clerk.

**The Chair:** Okay. They were diligently writing here and I just wanted to make sure they got every one of them. That was all. Thank you, Mr Brown.

I have been notified by Mr Ernie Eves, who is the critic for the third party, that he has been called away as a key member of the select committee on Ontario in Confederation and is in Ottawa. He is ably represented here today by Mr Ted Arnott. However, I believe it is Mr Eves's wish that his opening statement be stood down at this time. We have agreement from all parties on that. I now ask the minister if she wishes to respond now or commence the questioning and wait until after Mr Eves has completed? If you would like to do some part of your response now and save some of that time until Mr Eves makes his presentation or if you would like to go right into questions, we are in your hands, Minister.

**Hon Miss Martel:** I will wait and allow Mr Eves to make his comments. That will also allow him to have a chance to read what I said and what Mike has said. If he has a chance to do all that, I will then listen to him and respond.

**The Chair:** Fine. The minister will stand down her response at the moment as well. At this point I am in the committee's hands to confirm if you wish to go with time allocation in rotation. Failing that, the Chair is open to a suggestion of how to proceed.

**Mr Brown:** I have always found at these meetings that time allocation is a good method to pursue and we are totally supportive of that.

**Mr Johnson:** The government representatives here agree that we will go with time allocation as it seems to be a fair and equitable way to do this.

**The Chair:** Fine. That being a consensus, and Mr Arnott confirms as well, then we will proceed. I invite Mr Brown to take the first 20-minute allocation and proceed with questioning to the minister. Then we will proceed with Mr Arnott and then with the governing party.

**Mr Brown:** Our first basic concern, or one of things we will start out addressing, is the northern Ontario heritage fund. It has been described by northerners, or at least by some northerners, as a mealy-mouthed, Mickey Mouse kind of northern Ontario heritage fund that gives us \$30 million a year over the next 12 years. I do not share that view and I wonder if the minister could expand on that?

**Hon Miss Martel:** I would be pleased to. It is not enough money, as given evidence by this year. Since September of 1990, since I have become minister and chair of that board, we have spent over \$62 million. That was the entire allocation for that fiscal year 1990-1991. We also picked up all the money that had been unspent in the two years when the fund started and spent that money as well.

There is no doubt that in the times we are having and the promotion we are doing with the fund—we have done extensive promotion in the last year in a number of communities to try and encourage people to use it, and we have seen them doing just that, and we hope again this year as well to spend right up to the limit. I wish I had more money to put into it. I do not. But we certainly have proven this year that we can spend it all.

**Mr Brown:** Can I take from that answer that you will be expanding the amount of funds provided in the northern Ontario heritage fund because you see the demand for funds greatly outstripping your ability to allocate them within the \$30 million?

**Hon Miss Martel:** At this point in time, as in all ministries, my own is facing constraints, not only in this fiscal year, but certainly with respect to next fiscal year's. We are in the process now, within the ministry, of taking a very serious look at all of our programs, at everything we deliver to determine how we are going to meet the restraint that has been placed upon us in order to come into line with our deficit projections.

At this point in time, and I have said this publicly so I am not sharing any secrets here or anything new, I will be lucky in many cases to be able to hold the line in most of my programs. It is my hope that I can continue to deliver all of my programs this year, because there is a need for all of them. The constituents who are using them will have a need for them that will probably grow and not lessen.

At this point in time, what I am looking at in my ministry, as are all other ministers at this point in time, is to hold the line on what I have. I could not promise here that I would be able to put any more money in that fund because I do not think, in being honest with members of this committee, that I could do that.



**Mr Brown:** Can I take it that you support the northern Ontario heritage fund at the \$30-million allocation minimum, then?

**Hon Miss Martel:** Yes, that is correct.

**Mr Brown:** And that you think this Mickey Mouse plan—

**Hon Miss Martel:** Mealy-mouthed was another adjective, yes.

**Mr Brown:** —is better than nothing and that we should be proceeding with that?

**Hon Miss Martel:** This year we have certainly proved that it is well worth while and we could use more money. We spent every penny we could and we came right up to the limit, not only on 1990-91 allocations but, as I said, we went back and got into the unallocated funds from the first two years of the program and used those as well. So we have done extensive promotion. We have encouraged all of our heritage board members to look in their own communities, keep their ear to the ground and bring forward recommendations to Arne Sorensen, the general director, for possible projects that we might be able to fund. We have dealt with many applications. We have yet 30 more for our next meeting and I have no doubt that we will probably spend right up to our limit this year as well.

1630

As I said, I wish I had more money to put into it. I do not think I will, but I can give him this commitment: We certainly will not be subtracting any money from it, because we have seen this year, in one year of spending, that we have spent it all. There is a need for it. We have spent it all and we intend to keep at least what we have there in place.

**Mr Brown:** You will have to excuse me, Minister, in that I find it somewhat ironic, being as you were the one who said it was Mickey Mouse and you voted against this fund. You did not think it should exist, and if I can recall the reason you gave at the time, it was that it was not enough money.

**Hon Miss Martel:** I am saying here very clearly that I think it is not enough money and that our experience this year has proven very clearly that had we had more money, we probably could have done even more. However, this is what I am faced with. If I had a lot of money and we were in a buoyant economy, I would certainly talk to my cabinet colleagues about the possibility of going back and amending the legislation to permit more money to flow in. But looking at the current fiscal situation and the restraints I have in my own ministry, the amount of money I will be asked to cut from my budget and my very personal belief that I want to hold all of my programs intact, to at least be able to deliver all of them to the clients we serve, I will not be able to put more money into it. If I had it, I would probably make every effort I could to put it in there, because we have seen this year that there is a need for it and that we have made every effort to spend it all. I look forward to doing the same in this fiscal year.

**Mr Brown:** Many people would consider that during difficult economic times is the time to spend more money on long-term job creation projects, which is really what the

northern Ontario heritage fund is about. Most people would suggest that during difficult economic times, we spend money to create long-term jobs. It is the time when the economy needs the stimulus the most, and it is the responsibility of government to pursue that. That is why I wonder why, in a recessionary period in which we are trying to build a strong, viable northern economy, an economy that has been devastated by a number of events that you have outlined in your statement—and we agree with that analysis—it seems in my view and I think my party's view that this is when you invest in the long-term economic viability of the area, when a restructuring is taking place and when there is severe dislocation.

We have a minister who told us she did not like the plan at all to begin with coming here and saying that during these difficult times we do not want to spend any more money. I am having a little difficulty rationalizing.

**Hon Miss Martel:** A couple of things: I did not like the plan to begin with because, as I said, there was not enough money in it. I think all of my northern colleagues said very clearly during those debates that we did not think it was enough money to do the job. I still believe that.

**Mr Brown:** I think we all believe that.

**Hon Miss Martel:** Just a second. Let me tell you about the difficult economic times and how you spend. Let me just go back and point out to all the members the amount of money that has gone into northern Ontario in these very difficult times. Some \$210 million out of a possible \$700 million—30% of all the anti-recession programs and projects—went into northern Ontario. That money went mostly into small communities, not the big ones, to develop the infrastructure and maintain what was in place for those communities so that when we pull out of these bad economic times, the infrastructure in those communities will be in place, not only to sustain the prosperity but to attract people to those communities. I think that was a significant investment on the part of this government, and I was very proud to be a part of it.

Let me talk about Elliot Lake; \$15 million in Elliot Lake as well. Again, difficult economic times, and money put in by our ministry into that community because we understood that unless there was money put in there, there would be no long-term future for not only Elliot Lake but the north shore communities. The \$15 million went very much into the structural parts of that economy, into the airport, for example, into capital purchases for homes for retirement living, into research and development which we hope will help in tailings research and into the decommissioning that is going to come in Elliot Lake.

The \$250 million that came from Ontario Hydro: difficult economic times and our belief, as a government, that without Hydro maintaining its role as a corporate employer in the province and maintaining that responsibility that it has as a corporate citizen, there would not have been any community left had those contracts been withdrawn immediately. It was a significant investment on the part of Ontario Hydro into that community to help it in the transition from a mining community to a community that is more diversified.

We did the same thing in Kapuskasing. There was a significant investment on the part of the government to try to ease, as much as possible, a very difficult economic situation. Had we not done the deal in Kapuskasing, that community now would have 250 employees at that mill. It will have some 640 at the mill by 1994. I wish there would be more, but I certainly know that number of people in that community is a far better cry than having 250 right now.

Let me look at the \$15 million we gave to sawmill communities. Again, in each of those communities there were terribly difficult economic times. Sawmills were closing and people were being laid off and were out of work, so the government put in \$15 million. We could not save every sawmill, and some, quite frankly, were not worth saving because they were so far in debt that no matter how much money we had to put in there, we could not fix the problem. Certainly, \$15 million in some 12 communities saved those sawmills and the people who were working there.

I would argue with you, in fact, that we have made a very significant investment in northern Ontario in this last fiscal year, given our recognition of the difficult times and our recognition of the need to maintain the infrastructure in those communities across the north so that when the better times come—and they will come—the infrastructure will be in place.

I say to the member: given the fact that the Treasurer has made it very clear that in order to meet our deficit projections—I hear every day how we need to meet those deficit projections—each ministry will have to cut, and make very difficult decisions about what they will have to cut.

I remind you of some of the programs that you talked about in your questions to me: the northern Ontario relocation program, for example, to allow industries to have access to resources; the economic development that we are doing in native communities, communities that have the highest unemployment in this province; the work that we are doing in terms of keeping money in the Ontario prospectors assistance program and the Ontario mineral exploration program and trying to promote our granite and dimensional stone industry. All of those things are very important, and I would be interested in hearing from him which of those he would like me to cut in order to give more money to the northern Ontario heritage fund, because at this point in time, as we start to cut into those other things, we do create a great deal of distress in those communities and make their difficult times even more difficult.

What we are trying to do in the ministry is to maintain a balance: maintain the \$30 million that is in the fund at present, because we believe we can use all the money and that it will be spent, and we have proven that this year; and second, maintain as best as possible all of our current programs intact for the next fiscal year. We will no doubt have to cut money from some of them and we will not be able to serve all the clients who would like to do work in the next fiscal year, but it is my hope that we can maintain all the projects, because I believe all of them are very badly needed.

**Mr Brown:** That was certainly a wide-ranging discussion of a number of issues. I will not pursue all of those at this time because I think we can deal with the anti-recession

fund and some of those other comments the minister made a little later on with more specific questions.

Coming back to the heritage fund, I would tell you that we are a little dismayed and somewhat surprised by the appointments process to the northern Ontario heritage fund. That is not to complain about the specific people who were there, but rather to say to the minister that we believe the selection process followed by the previous government was done in a more open, non-partisan fashion.

I can well recall the former minister coming over to speak to all of the northern members, whether they were New Democrats, Liberals or Conservatives, and I think you can confirm with your colleagues, Minister, that this did in fact happen. I witnessed it happen on at least two occasions where he spoke to members of the opposition about who would be appointed to the board, because we did not envision, when this board was set up, that there should be controversy about the appointments, but that there should be consensus before the appointments were made.

I can tell you that I was disappointed, as were members of my caucus, that we were not consulted about the appointment of the people, that we had no input into that whatever. We were not asked in advance if we thought various appointments were proper. Following that, on the standing committee on government agencies, the committee that is charge of reviewing appointments, we then asked that the members be reviewed. The government refused to bring those 12 appointments before the government agencies committee for review by that committee.

We find that to be, at the very least, a not very open and non-partisan method of selecting people to an important board that I do not think should be political in nature.

I would ask the minister if she could comment on that, because I think it comes right to the credibility of this board with northerners and with the members. When you try to make a board like that, or you give some impression that it might be partisan by not going through that consultation, it hurts the process. It hurts the very credibility of that board.

1640

**Hon Miss Martel:** Two things if I might. First of all, I sat in opposition from 1987 to 1990, and I would have been most interested in having Mr Fontaine ask me what kind of representation I would like out of my riding or out of the Sudbury riding. I am sorry, I say to the member, but he certainly never did.

**Mr Brown:** You should talk maybe to the Treasurer or to Mr Wildman.

**Hon Miss Martel:** I sat as an opposition member. We very clearly set up the board so that there would be representation from each riding. The representative who came from my riding—and this relates back to your comments on non-partisan—also happened to be the Liberal candidate against me in the election, and the same thing happened in Howard Hampton's riding. So I have some great difficulty being told it is a non-partisan process because, frankly, it was never a non-partisan process. I certainly got that when the very member of the heritage board who represented my riding then ran against me in the election,



which is his democratic right to do; I have no problem with that. But let's be a little bit serious about how partisan or non-partisan it is and who asked who about what.

Second, with respect to having these names reviewed by the standing committee on government agencies, let me be very clear about this process—and he would want to check his information. I, as the House leader, put forward the recommendations for change for that committee in June of this year. I sat through an afternoon putting forward the recommendations for change on that committee to make the process better. Both the Liberals and Tories that afternoon spoke and said they thought the process was a farce, and because they thought the process was a farce, they refused to sit this summer. So they did not sit this summer and did not review any of the appointments that had been building up in the public service.

Our appointments under the Northern Ontario Heritage Fund Corp ended at the end of June. We submitted our names as new candidates just after those appointments had expired. They could have been looked at by the committee, but the committee chose not to sit. After the 30-day time limit that is listed in the legislation in terms of reviewing those appointments, those people were automatically appointed.

I do not think it is fair to say the government members or anyone else who was on that committee refused to allow those people to be reviewed. The fact of the matter is that the committee never sat. The Liberals and Tories said very clearly in the debate that afternoon in June, and I would ask you to refer back to it, that they chose not to sit because they did not believe in the process.

**The Vice-Chair:** You have two minutes left.

**Mr Brown:** Unfortunately.

I would have to disagree with her characterization of the former board. I expect there were Liberals on that board, as there were New Democrats on that board. That does not mean the board itself was partisan. People in the province happen to be Liberals, happen to be New Democrats, happen to be Conservatives. I does not preclude them, I would think, from sitting on boards, and there were no New Democrats on the former heritage board either.

I am not suggesting that. What I am suggesting is that there be a proper balance. I also would like to tell her—because I only have two minutes, the Chair tells me—that our representative, our whip on that committee, made very definite representations to the government asking that the committee sit and asking that the 12 appointments be reviewed. That was done. We were prepared to sit. Our committee was prepared to be here this summer. We were disappointed, to say the least, that, first of all, there was no consultation before the appointment was made. Second, having made the appointments, the government would not subject those appointments to review.

**Hon Miss Martel:** If I might, you talked about a proper balance. I can tell you, as the chair who sat for the last year with people who are very committed to the north, I have no doubt about that. There was not a proper balance on that board. There was not a proper balance in terms of male-female representation. There was not a proper balance

in terms of labour-business representation. There were not enough native people sitting there.

I would like a board that is truly representative of the fabric of northern Ontario society. I think the changes we have made, which permit an equal number of males and females, which permit almost an equal number of people having a business background and a labour background, which now allows for five aboriginal people to sit, is a much better-balanced board. They will be as committed to the north and carrying out their role in the heritage fund as the former members were.

On the second point the member raises, that his whip went and asked if these appointments could be reviewed, I would ask him to read the Hansard from the day this matter was debated in the House. That would have been in mid-June or near the end of June of the last sitting. He will see very clearly that his own House leader spoke and said clearly that his party would not sit this summer to deal with any appointments because they were not satisfied that the process was working. That is what his leader said in the House.

As to what went on in committee, I cannot describe that. I only know what I sat through and what I heard from his House leader, and it did not sound like the House leader was very interested in having that committee sit to review these appointments.

**Mr Arnott:** As Mr Jackson indicated earlier when he was sitting in the chair, Mr Eves is our party's critic for Northern Development. Other business takes him away today. He is part of our party's commitment to the select committee on Ontario in Confederation and he is away with that responsibility as of today.

I am very pleased to be here and welcome the minister here today to the standing committee on estimates. I am from the south, but I have a considerable interest in the north. This summer I took a tour through some of the northern communities I had not seen before. I met with the mayor in Elliot Lake. I dropped in at the Ministry of Natural Resources office in Chapleau and learned a lot about the firefighting function there and the fish and wildlife function it looks after, toured a mine in Timmins and went through the MNR mining laboratory there, saw some of the devastating economic consequences that are happening right now in Kirkland Lake. I toured a remote logging site near Elk Lake and I dropped in to see the member for Nipissing while I was in North Bay.

What really struck me were the incredible transportation needs that still require addressing in the north, as well as the economic development needs that are there. Mr Eves has been good enough to furnish me with a list of specific question he would like to ask later, but I have a few general questions with respect to what I have heard this afternoon.

There have been many commitments made to the north in the past by your government. Most notably comes to mind, from my perspective and former perspective as critic for Transportation, the promise made last summer to four-lane the Trans-Canada Highway through the north. Certainly during the heat of those 37 days through the month of August and early September in 1990, I dare say there were a great many commitments given. Critics have

come forward and asked you about those commitments. How do you respond to them?

**Hon Miss Martel:** There is no doubt that we made the promise to four-lane in the last election. It was a commitment that was made by the party some time ago at both conventions. Even during the time I sat here in opposition for three years, there were many debates my colleagues and myself were involved in. We reiterated that need, in particular for economic purposes but also to ensure that people in the north are able to access medical care, etc.

I say to him, as I said earlier to the member with respect to the northern Ontario heritage fund and whether I will be able to put more money into it at this time, the answer is no. I do not have any money at this time to accelerate the program which is already in place, which we are working through in conjunction with MTO, to do selective four-laning.

1650

I could provide the member with the information. I can do it here or give it to him in writing, an outline of the particular highways we are working on right now, Highway 11, Highway 17 east and west, where we are coming up from Highway 69 into Sudbury and the plans we have over a five-year term to develop those. That is very much the way we work now. In conjunction with the Ministry of Transportation and myself, we do agree every year on the next portion of a five-year plan and move along that way.

Certainly at this point we could see the four-laning in place, but it would be in the next century and it would cost a little over \$2 billion to put it all into place. We have done a number of studies in that regard. We certainly did a number when we came to government, because it was our view to try and move on that election promise and to try and outline clearly to the public the plan we had, how much it was going to cost, the phases we would break it down to in order to do that work and whether we could accelerate any of that work.

At this point in time, I could give you very clearly what the plans are and where we are. I cannot tell you that I can put any extra money in to accelerate that work because I cannot.

The other area where we may have a problem—I only flag this; it may not be a problem—is that there are some negotiations which will have to go on with native bands along a number of those strips, and to date we have only had initial consultation with some of those bands. We have not gotten into formal negotiations over the broader questions of whether we will be able to have access to the land, what the tradeoffs will be, etc.

Finally, it would be helpful, because it is the Trans-Canada Highway, if we could have participation as well at the senior level of government. We have not been able to obtain a commitment in that regard at all to potential funding from them.

I say to you at this point that certainly the commitment was made and it was a commitment I do not back away from in terms of my desire to see it done. I cannot say to you at this time that I would have any extra money in my budget this year to accelerate some of that work so that we could get to completion earlier than is estimated in our current plans.

**Mr Arnott:** Just to be clear and clarify in my own mind, it appears the commitment has been made, the commitment remains, it is going to be at least nine to X number of years before the full highway will be four-laned. Is that correct?

**Hon Miss Martel:** On most routes. I would prefer it if I can give you directly where we are, because I do not want to say anything that is wrong here. I could give you the work we will be doing in the next three years up to 1994, because I have that information with me.

I could also give you some sense of, if we were to continue in a pattern of spending which is equal to or at inflation with what we are doing this year, how long it would take us to get to the end of all of those routes. If you want, I can provide that verbally, at least in terms of what we are doing in the next four years, or I can give it to you in writing, whichever you prefer.

**Mr Arnott:** Okay. Are you able to give some indication as to how many kilometres of the highway will be four-laned by, say, 1994 or thereabouts, or failing that, what percentage of the Trans-Canada Highway will be four-laned by 1994 or thereabouts?

**The Vice-Chair:** Would you like that previous answer in writing? The minister offered it to you in writing.

**Mr Arnott:** Which one?

**The Vice-Chair:** The previous information. She said she would give it to you in writing or whichever way you prefer.

**Mr Arnott:** If it is not readily available—

**The Vice-Chair:** No, I mean the question before this.

**Mr Arnott:** Yes, I would.

**Hon Miss Martel:** What I can give you right now is what we are doing in 1991, 1992, 1993. As to the actual kilometres, I do not have them listed. I will have to give that to you. Let me just give you what I have right now.

Our starts this year: the cost on the Highway 11-Highway 17 interchange at North Bay was \$8.5 million; four-laning Highway 69 from Parry Sound to Nobel, \$3 million worth of work this year.

Tentative starts for 1992 include the following projects: four-laning Highway 11 from Callander to Powassan, \$38 million; Highway 11 north, five new passing lanes; four-laning Highway 17 from Thunder Bay to Nipigon, and two new lanes, Shabagua. That is about \$6.8 million for those initial projects. We have estimated about \$7.6 million for the Highway 17 interchange, the Kenora bypass. The commencing of the development of the southeast bypass in Sudbury will begin, hopefully—it better—\$26 million, and the cost of Highway 69-Highway 124 interchange at Parry Sound is \$5.2 million.

The tentative starts for 1993 are as follows: Highway 17-Highway 102 interchange, the Red River Road, and improvements to the Thunder Bay Expressway will cost about \$28 million.

Let me just give you some of the pricetags we are looking at so you can see what I am dealing with from my end. To do entire four-laning on Highway 11 from Huntsville to Powassan would be about \$400 million; Highway 17,



Thunder Bay to Nipigon, almost \$700 million; Highway 69, Waubesa to Sudbury, over \$1 billion.

What I will have to get back to you with is the kilometres that will be done by 1993.

**Mr Arnott:** Yes, I appreciate the actual dollar figures but would also appreciate the ratios in kilometre figures, if I could receive them in writing.

**Hon Miss Martel:** I know. I understand what you want. I do not have that.

**Mr Arnott:** The next issue I would like to raise is the whole issue of economic development strategy in the north, and I assume there is considerable work going on within your ministry, as well as the Ministry of Industry, Trade and Technology, to develop economic strategy for the whole province as well as the north specifically. I just wonder if you would clarify or discuss briefly what is happening with respect to that issue in your ministry.

**Hon Miss Martel:** Given the last year we have had in terms of the communities we have dealt with that have been in a crisis—to say it again this publicly and say it here—the ministry did not devote a great deal of time to a broader long-range strategy for economic development. We found our resources, both political and ministerial, wrapped up in trying to deal in Kapuskasing. We are now dealing in Sault Ste Marie with Algoma Steel, Atikokan, Elliot Lake and a number of smaller sawmill communities which I did not list in my presentation. A great deal of our time was devoted strictly to trying to work with labour, business and the community to deal with those.

Most recently, we did two things: First, last week I announced a consultation program which will replace the former northern development councils, which was a project run by the former government. We have replaced that with a project which we have called SCAN North where we have set up, at this point in time, five groups which will work over the next number of months on at least two of the very key areas we think are crucial for entrepreneurial development in northern Ontario. That is particularly the panel dealing with value added in the forestry sector and, second, the panel dealing with value added in the mining sector. We have reached agreement among labour and industry and prospectors and developers, etc, in the mining panel, and the entire forestry industry in the second panel, that is, sawmills, pulp and paper and hardboard operations, to participate in the process along with the labour groups.

Clearly, what we want to discover from them is what they think, coming from industry, are the areas in which they can move, and what do they need from government in order to try to do that? They also understand that we are running under constraints, both in finances and in terms of actual human resources to deal with it, but we want to hear directly from them, given the times we are in, what they see as the best way to pull out. What can we do in the northern economy that is beyond the traditional cutting and traditional mining?

We have set that into place and announced that last week, and hopefully the chairs will be selected for those committees within the next two weeks.

Second, I have also asked my own deputy, who was with the former minister as well as being with the Treasury and other ministries in this government, to put together for me an initial paper which looks at what some of the governments have done before we got here, some of the areas where he thinks we have some room to move in order to incorporate that as much as I can into the work we are doing on the consultation side. He has only recently begun that. He is now going to be directly involved in what is going on at Algoma Steel. I hope that between himself and myself and the groups we have out there consulting in the north under our new program, we will be able to put into place a framework, which we do not have yet, in the north as to where we want to head, not only in terms of mining and forestry, but also in terms of energy production and also in terms of tourism, which we have not spent a great deal of time looking at.

**Mr Arnott:** I understand that in the past year considerable resources have been consumed by ad hoc emergencies or crises, if you want to call them that. In the coming year, what is your view of the prospects for the north? Do you expect more of these single-industry, specific problems coming forward that may in fact continue to consume most of the time so that it might be difficult for an overall strategy to come to fruition?

**Hon Miss Martel:** To be very honest with the member, it would be nice to wake up one day and not have a crisis somewhere in the north, but that has not been the pattern we have seen in this year and I suspect it is not going to be the pattern we see for a while.

We had some broad consultation last week with a number of representatives right across the forestry industry—big pulp and paper mill people, sawmill owners, small sawmill owners, labour, as well as a number of government people from a number of ministries—to talk to them very seriously about what is happening in their industry with respect to recycling, different product line, how much it will cost to do those kinds of things, with respect to the flow of wood, the flow of wood chips and what they see some of the problems are.

1700

They have indicated very clearly to us, and I think it is common knowledge, that the rationalization and restructuring going on in forestry is not over yet in northern Ontario. I do not expect we are going to have a much better year than we did this year. There are a number of factors for that. Their greatest concern continued to be with the high value of the Canadian dollar and difficulty exporting, but they expressed concerns about the need to recycle as well, given the demand for content in some of the jurisdictions they are selling into. That is on the forestry side.

On the mining side I would say it is the same thing. If the current conditions continue with respect to a very high Canadian dollar, and if base metal prices remain as low as they are in international markets, things are not going to get any easier. I would not want to say they will at this point.

I hope, however, that we have learned from this last year, and I think we have, having dealt with bigger communities that have been in crisis. We at least know how to tackle the

problem in that we know how important it is to be working with business, labour, municipal leaders and education leaders in the communities affected. I think we have demonstrated in the last year that the ministry has acted as a very important catalyst in bringing those groups together. I hope that is the role we continue to play, trying to bring those partners together in very difficult times and trying to find the best solution we can in each of those communities and with each of those cases.

**Mr Arnott:** I assume the minister has given considerable study to past northern development initiatives programs that have been in place and so forth, some of which may not have been as successful as their proposers would have hoped. Could the minister indicate what she has learned with respect to things that have gone on in the past that have not quite been as successful as people would have liked, and how new policy will be generated in light of those?

**Hon Miss Martel:** I think we have learned that there has been a reliance on straight use of the resources without very much value added consideration being given; what else we can do.

I will just give you an example that comes from the trip I took to Italy. When we were there we were not only looking at the potential for dimensional stone, which is very important for the province and an area where there is actually some very positive and good things happening and some real room to move, but we also talked to a number of people who develop a wide range of lumber products. They told us very clearly that they would be most interested in purchasing from Ontario versus Russia if they could get the dimensions of sawn logs they specifically needed. They expressed a real frustration because all of them had been to Ontario at one point or another and had discussions with a number of groups. They found that people in the industry in Ontario did not seem to be interested in cutting to a European dimension. They were very interested in cutting to an American market and selling in that market, but did not seem to be looking much beyond that.

The reasons that is not happening I cannot say, because we have only started into those discussions with the forestry industry. There is an area where we have some room to move because we know we have another market that we could be looking at that should be very important to us as well. It is certainly going to be an important market to us in relation to dimensional stone.

What I think I have learned in going through it in the last year is that we have maintained a very heavy reliance strictly on extraction, either of mineral resources or lumber resources, and we have not looked very far beyond, either at value added, other markets, other cutting we could do, or manufacturing on any kind of level. Those are the kinds of things we really need to look at. It is one of the reasons why two of the projects we initiated look specifically at value added in forestry and in mining.

**Mr Arnott:** Picking up on that point about the potential market in Italy versus the fact that the Soviets are presently apparently meeting that need, have you inquired whether we were price competitive on that particular good?

**Hon Miss Martel:** Yes. The problem was not buying, or money; the problem was in not being able to have people in Ontario willing to cut to the dimensions they were using in the Italian housing market, and that was the sense and the source of the frustration expressed to us. Having said that, we have two people from Italy in the province now, whom I met with, who develop a particular wood product they would very much like to manufacture in Ontario. They are meeting with representatives from the Ministry of Natural Resources and from my ministry in Sault Ste Marie both today and tomorrow, along with a number of people who cut and could possibly cut to their dimensions, in the hopes that they will find a willing host, someone who is interested in doing that.

We would certainly want to entertain at the heritage board how we could help this particular individual, if we can find this person, if the problem is having machinery that can cut to that dimension. We are making efforts now, and that is why this delegation is here, to talk to industry representatives to see if we can convince them of the opportunities that are available and see how we can help them make that happen.

**Mr Arnott:** Okay, getting on to—

**The Vice-Chair:** That is it, Mr. Arnott, for this rotation.

**Mr Martin:** Having lived, studied and worked in northern Ontario for most of my life, my understanding of the history of the development of the Ministry of Northern Development and Mines is somewhat different than the one laid out by Mr Brown. Surprised? No, not really.

It was initially set up, from my experience—and I watched it from the small community of Wawa—as an attempt by the then Conservative government to counteract a network of offices that came on to the front manned by the elected members of the New Democratic opposition, who were doing all kinds of interesting things to bring to the fore concerns of people who lived in northern Ontario and lobbying on their behalf with the government to get new programs. Actually, the first offices of Northern Development were simply information centres where you could get information or give information, and there was really no economic development activity out of it that I remember much.

With the coming of the Liberal government into power and René Fontaine coming on the scene, we got somewhat excited about the potential and the possibilities for that ministry because René did, in fact, have some vision. He was a man who had great energy and was actually liked very much by the people of the north. He was one of us and spoke our voice loudly and clearly.

The problem became that his colleagues were not listening to him, and his colleagues chose not to support him. Ultimately, René quit and went back to what he was doing initially in the north, and that was really sad. It was a sad day for the north, and Northern Development really never reached the potential all of us who work and live in the north thought it had, to be the lead ministry in the development of the area.

All of us who live and work up there do so because we like it. We love it. We think it has a lot to offer, not only as



a producer of raw materials for the south where the value is added down here, but we think we can add value in a way up there to the resources that respect the quality of life we want to live.

Having said that, I want to commend the minister and certainly the government for a number of the initiatives that have been taken in the last year, in front of some really difficult times and, as has been said, seemingly one crisis after another, in responding to the crises, and putting in place programs that speak to some future and the possibility for some development, for upgrading infrastructures so we will be able to take advantage of the renewal when it comes.

My question, though, centres around the rather sad experience of the visionary Mr Fontaine and his inability to get his colleagues on side in front of some of the programs he had in mind. Actually, your success—and I speak more specifically to the Elliot Lake operation where you were able to get the Ministry of Energy to participate in speaking with the folks at Ontario Hydro to put in place a plan that spoke to a future for that community in both the short term and the long term. Would you share with me some of that activity so we might all be enlightened, and then maybe expand a bit on how you propose to work hand in hand with your colleagues in the Ministry of Natural Resources and the Ministry of Transportation to ensure that the north is developed and that those of us who live up there will see a day when its potential is realized and we can look forward to a future for our children and their children?

**Hon Miss Martel:** I have tried to outline in a fair way what we have done in Elliot Lake in terms of some of the initiatives. Let me just back up and give a bit of history. When the first layoffs occurred, before this government came to power, the ministry at that time had an inter-ministerial committee to try to bring together the various social service agencies and agencies of government—there are about 22—to work in a co-ordinated way to deal with the impact of the first round of layoffs, which is very significant in that community.

1710

My ministry continues to lead that particular exercise and chair that group and we are able to respond to some of the problems in that community in an positive, effective and rapid way. I know the member for Algoma-Manitoulin has consulted me about a particular problem right now where we are involved with the feds and the Ministry of Labour. The Ministry of Labour's portion of this particular program did not come on board and so we have sent a note to the Ministry of Labour today to see where that is all going. But, given that experience, that group has been able to work very well in trying to deal rapidly with the changes that have come because the changes have been very dramatic.

Second, it was very important that we established the working group in Elliot Lake. It was difficult at first because people had to come and leave their baggage at the door. It is hard to tell them, as it is hard to tell five politicians from a different party, that they have to leave their bags at the door and work together. It is the same for municipal politicians. We had municipal leaders from five

communities who had to come and try to represent a regional view and work towards a regional solution rather than their own particular community. That has taken some time to sort out, but they are working very well together now.

The importance of having labour, business, education and the influence of the MPP's office and the MP for that area has been very significant because it allows them to lobby at various levels of government, but it also provides for a co-ordinated approach and agreement on some very important changes that are coming. For example, there is a \$9-million fund from the bigger fund that Hydro has provided which is being used right now to develop short-term job creation for those people coming off of UIC and who would otherwise be going on social assistance. That committee has worked very well together to develop the criteria for who can apply and what kind of jobs they are looking at. They have managed to hire and have an office now staffed to deal with that. On that, and many issues relating to the communities along the north shore, the group has worked very well. They have been a good sounding board for government as well, because they have expressed to us on many occasions very directly what their needs are and how the needs can be accomplished. When they are not happy about that, they express that to me very directly as well.

The \$15 million that was given last December was an important signal to the community that the government was not going to abandon the community even though the foreign offshore contracts with Hydro had been terminated. That money again was targeted very much to projects the community thought were very important: a significant amount of money went into the retirement living program to acquire capital stock to ensure the long-term future of that particular program; money for the airport; money as well for the drug and alcohol rehabilitation centre, which will become an important regional centre in that area. The money was targeted to try to turn around that economy and move away from the main emphasis, which has always been on mining.

I was very proud of the diversification package. I am extremely proud of the work we did and I am extremely proud of the co-operation I received from a number of other ministries in putting that package together. It is a very difficult time. There have been a number of criticisms, and I sat through the debate on Bill 118 in which it was suggested that Hydro was manipulated or used as a tool in this sense to promote the social assistance program for the government. I say very clearly to all the members here, recognize that Hydro is an important employer in this province. Hydro directly employs thousands of people. It has billions of dollars' worth of assets and it has some corporate responsibility to its employees, to its assets, and to people who are directly affected by policy change.

We had a choice in Elliot Lake. We could have told Hydro: "Cancel the contracts. Walk away. Leave the community in absolute crisis," and it would never have been able to be in a position to make the kind of transition we are convinced it will make. We could have said to Hydro, "Continue the contracts at a premium of about \$1.2 billion over the next 10 years and allow energy consumers to continue to pay a premium they have paid the last 10 years

for the next 10," and we did not think that was very responsible either.

The approach we have taken, I am convinced, is the most reasonable one, not only for energy consumers but also for the community itself. That approach was to say very clearly that we will continue to maintain the contract at Rio Algom so that we will have some mining which will continue in the community. We will put some of the money which has been saved by terminating the Denison Mines contract back into the community to allow it to initiate programs and proposals that would allow it to change from a mining economy to a diversified one.

At the same time we have shown very clearly to the province that we expect Hydro to be not only an agency of this government but a corporate employer that has a responsibility to the people it serves. I would no more expect Hydro to walk away and do nothing in a community than I would expect a private company to. The problem is, most private companies do walk away, and you cannot get at them. That is no excuse for the government to say: "Let Hydro walk away. Let the community go down. Forget that it has an obligation. Forget that the contracts in that community are only there because of the purchases by Hydro from that community. Those two mines operate only for the purpose of providing uranium to Hydro."

I am very pleased with what we have done. I think it was a happy medium to two very untenable positions we could have chosen. I look forward to the change that will come in that community. They are working very well together now as a group, and there are many changes. I think we will see in the next four or five years an economy that is very different but certainly one that is stable, and a community that has made it.

That brings about the broader question you raise about how I can work with my other colleagues in the north and other northerners in particular from other parties as well, because I do not think we have any kind of—onus is not the word I am looking for—greater love for the north than any of my other colleagues around the table.

I do think we need to focus a great deal of energy on the other potentials that can come, over and above mere exploitation of resources, mere mining or mere cutting of goods. We certainly have started that process in terms of dealing with the forestry industry. The meeting I was at with all of those representatives included the Minister of Industry, Trade and Technology, the Minister of Natural Resources and the Minister of Transportation. I was represented as well. Treasury had staff at the meeting, although the Treasurer could not be there. We signalled very clearly our need to work together and our desire to work together. We need to do that in the same way on the mining side.

There is a lot of work to be done; there is no doubt about it. As I said earlier in a response to Mr Arnott, we did not spend a great deal of time in this last year doing that long-term strategy work. We could not, because we had communities like Elliot Lake and others that needed an immediate response, and that is what we spent that year doing.

**Mr Martin:** First, I want to focus for a minute on the resources that we have at our disposal to spend on

development in the north and highlight, as you have so elegantly, the limited nature of that resource.

To put it into context, even though \$30 million is not very much in the northern Ontario heritage fund, the previous Liberal government could not even figure out a way to spend that. I was totally surprised when I got here to find out that all the money in the heritage fund had indeed not been spent while I was busting my butt out there with my colleagues and friends, trying to develop industry in Sault Ste Marie, for example, and we could not get our hands on money. It seemed they had lost any vision René Fontaine had initially had and were floundering.

**The Chair:** Are you going to get back to the issue of these estimates for this year, Mr Martin?

1720

**Mr Martin:** I certainly am, yes. I am actually taking a page out of your book in some committees I sat on where we went off a bit.

**The Chair:** If that is an invitation to comment, I would be pleased to, but our concerns are more with the current estimates.

**Mr Martin:** I thought as Chair you were not supposed to.

**The Chair:** I was asking you to get back on track.

**Mr Martin:** I wanted to ask the minister about some of the things she has done in order to actually expand the limited amount of dollars that the northern Ontario heritage fund, for example, and the ministry have to spend. You talked a bit in your previous discussion about how you have co-operated with other ministries to bring significant dollars into the north for development.

You also announced just recently an agreement with the federal government at a time when philosophically we are not in agreement with it about what we should be fighting, whether it is the recession or the deficit. Instead of cutting off your nose to spite your face, you sat down with them and came up with an agreement that spoke to development in several sectors of northern Ontario that are really important. Maybe you might explain to us what that is about, because I know it will have a great impact as we try to come to terms with an industrial strategy for the north and into the future.

**Hon Miss Martel:** Let me begin by going back to the announcement itself. I guess I was rather surprised at the response, because these days, given how reluctant the feds are to give anyone any money, I would have thought most northerners would have been pleased that we could get any money out of the feds and put it completely into development in northern Ontario. I think \$95 million is nothing to sneeze at, especially given the economic times.

If anyone was to suggest that we should have held out more, we should have tried to negotiate more or we could have done better, I say to you that we have spent the last year trying to get more money out of the feds and they would not give us any more money. We were prepared to put more money on the table. The feds were not interested in participating any more than the values we were finally able to achieve.



As one who has to represent the north and one who hopes the money is going to be used to benefit the north, I am prepared to take that money and put it towards the benefit of northerners. I think it was a significant investment, particularly in research and development, which is going to be important for some of the longer term strategies we all need to look at in northern development.

Just quickly on what was announced, there are three components to the northern Ontario development agreement. They affect forestry, mining or mineral resources and tourism. The amounts of money allocated are the following: \$50 million has been allocated to forestry, \$30 million to the mining component, and \$15 million in terms of the tourism sector. That is an equal cost-sharing plan, so in each of those categories the province will contribute half the total value over the next four years.

Speaking strictly for the mines and minerals component of that agreement, our emphasis is in two places. First, the industry has said very clearly to us that there is a need to have adequate, up-to-date, current and accurate information with respect to mineral potential across northern Ontario. So a good portion of our money and the projects we will undertake will involve detailed mapping of areas where there is a great deal of mineral exploration and mining work going on now, for example, in the Kidd Creek area.

In Kirkland Lake and Timmins as well, we will establish databases for the first time so that the general public, prospectors, people involved in mineral exploration, can have easy access to information with respect to mineral potential, geography and the potential of other renewable resources in those particular areas. In Kirkland Lake, we will take in the area of Kirkland Lake and Larder Lake. In Timmins, we will take in an area strictly around Timmins and south of it.

That was an important response to the industry, because it has said clearly to us, "These are our needs at this particular point in time." People would argue—prospectors in particular—that their immediate need would be for us to increase the money in our Ontario prospectors assistance program and allow them to explore more. I do not deny that need is there, but what is also important to us is that we have the best, most up-to-date and accurate information we can have to help these people in their work. We hope to have that and develop it, given some of the money we have achieved under this agreement.

The tourism component is very important. It is targeted directly to northern Ontario. It is the first time we have had that kind of money dedicated directly to northern Ontario. It is particularly to emphasize capital projects in a number of communities, waterfront developments in particular, so that people will have the infrastructure in place in their own communities in order to attract others to come and stay.

On the forestry side, there will be a definite emphasis on silviculture practice in community forests, and a number of initiatives that will create short-term employment in the immediate future. The target in the mines section is that there will be short-term employment, but ours was a longer term emphasis on research and development as well. It is a little different than the other two sectoral components.

I think it is a good agreement. As I say, if the feds had been prepared to put more money on the table, we certainly would have put more money on the table. Our money was there. However, it did not seem to make much sense to me or my colleagues to haggle with them when the need in northern Ontario for this money was so evident. So we were pleased to sign the agreement on Monday. I know in our ministry in particular some work was being done in advance, so we will be able to begin almost immediately with some of the projects we outlined.

**Mr Brown:** Because we are on that topic right now, I would like some clarification from the minister relating to the tourism component and the waterfront development in particular.

One of the problems that has existed in my riding and all along the north shore of Lake Huron—Tony will be familiar with the problem also—is that the federal government has the responsibility, and the provinces always viewed it as its responsibility, to do the work that is actually in the water when you are developing a waterfront. The small craft harbours directorate, which is the federal agency that deals with this, has experienced a dramatic drop in funds over the years. In the Ministry of Northern Development and Mines, we have over a long period of years now been pursuing onshore facilities that are necessary, but the difficulty has been that the federal government has not been willing to commit dollars to the actual in-water work. I am wondering if as a result of this agreement, because both governments are involved, we will now be able to take advantage of doing a marina that actually has docks.

**Hon Miss Martel:** It would be nice. I wish I could respond in more depth with respect to the projects the Ministry of Tourism and Recreation has under way. I know my own fairly well. I am a little reluctant to try to respond to what Peter's ministry will do because I do not know them as well as I probably should. I can only say that a number of our projects have been stalled because the federal share has not come through. For example, we had some difficulty in Red Rock, awaiting federal funding when we had anti-recession money prepared and on the table to go with our portion.

**Mr Brown:** Is that waterfront?

**Hon Miss Martel:** Yes. We had our portion on the table through anti-recession, but we had great difficulty getting the feds to cough up their share. It was a commitment that had been promised for some time. I can only hope some of the federal money will be used in the same way and that it will complement the projects that the Ministry of Tourism and Recreation wants to carry out in northern Ontario in particular. I know on our side there are a number of projects where we will be dealing directly with the federal government, in some of the agencies we already sit on, to look at acid drainage, for example. We have committed some funds there and we are already working together, so that co-operation will continue.

What the minister's relationship is with his federal counterpart I do not know, but it would make some inordinate good sense if they did work together. Otherwise, you

are going to run into the same problem we have run into—our people with their share doing the work at the shoreline and up to it, and then nothing going beyond that. It would be a real disgrace if we could not start to pull that together for the benefit of the northern communities that need it.

**Mr Brown:** I thank the minister for that response, because it has been an ongoing frustration for everyone to have a lot of projects ready to go and not be able to take advantage of the funding that the Ministry of Northern Development and Mines would provide just because small craft harbours could not come up with its portion. I hope this agreement allows for that type of project.

I think in Spanish, for example, we did something rather innovative a year ago where for the first time, to my knowledge, the province got involved in making a navigable channel actually navigable. That was really not the province's responsibility, but it had to be done for the good of that community. So I would encourage the minister to do what she can to encourage that project.

**Hon Miss Martel:** You are in the right place to make note of this. Brock has just advised me—I had forgotten about this; my apologies—that Mike Barker, the assistant deputy minister, is going to be co-chairing how the agreement is to be managed. We will have a chair on this side and a chair on the federal side. You probably brought your concerns to the right place, because we will have direct representation in the workings of those committees.

1730

**Mr Brown:** Just call me lucky.

**Hon Miss Martel:** I tell you, it is your day. Do not ask for money, though.

**Mr Brown:** Shifting gears, I want to go back, because the member for Sault Ste Marie brought up the whole subject of Elliot Lake. I would want to tell the minister up front that as the MPP representing that area, I was most happy that the ministry came forward in December with the package of \$15 million, but I would like to remind the minister, if we go back through time, that there were other commitments made to Elliot Lake by the former government and the former minister—and most of these happy faces here were there at the time—that essentially laid the groundwork for this.

I am not saying this to take away anything from the minister, because we are happy with what she has done, but there was a small difference of philosophy, I think, and the difference in philosophy was that we were, as a Liberal government, prepared to allow the communities more flexibility in that we had pledged a \$10-million diversification fund which they would administer, not a \$2-million one. You decided, and I do not fault you on this, other than we thought it should have been a community decision, on supplying retirement living with \$7 million of that \$10 million, so to speak. I guess the difference in philosophy was that we were more prepared to allow the community to make those decisions than your announcement. However, I think the decision would have been the same. So having said that, I am just trying to point out the difference in philosophy.

When we talk about Elliot Lake, as members understand, this is quite devastating. There have been 2,400 people laid off. We are looking at another 1,000 next spring and then in 1996 the final 600 or 650, whatever the number happens to be.

Elliot Lake only exists because uranium was there. The town was built in response to having mines in the area. It would never in anyone's wildest imagination be where it is without uranium. I think we all accept that. The problem then is what to do, because diversification plans, however well intentioned, can be quite difficult.

We have stated the position over and over that we are in full support of diversification measures for Elliot Lake and that we are happy the community has at its disposal, with the advice, I take it, of the working group, \$65 million, which has been flowed to the heritage fund for disbursement within the community over three years.

The difficulty, and this should be clear to the minister, is not with whether the money should have been allocated. The problem we have and the problem Liberals have is that we share the view of the Minister of Natural Resources, who in opposition clearly said—I did not bring it today, but I had his letter at the Mining estimates that indicates that the taxpayer of Ontario should pay for that kind of diversification, not the ratepayer of Hydro. It is fundamentally wrong, I think, to ask the ratepayer to pay for something that is clearly an economic development issue.

You say, "Oh, yes, but Hydro has a direct responsibility to this community," and I do not disagree with that. So did Duke Power, so did Tokyo Electric and all the other people who bought uranium from Elliot Lake.

I know, as you know, that Hydro invested large sums of money in that community. As a matter of fact, I do not know if you are aware of this, but Hydro is walking away from \$146 million still to be repaid by Denison Mines in Elliot Lake and I suspect something in the same order at Rio Algom. I cannot confirm the latter.

There are real problems there with that, but when Hydro signs contracts, it signs them after review by the Legislature of Ontario, by the government of the day, with full consent of the government of the day. Mind you, I suspect your party and my party were not thrilled about that, but that is what the government of the day did.

It is the responsibility of government, in our view, as many people would suggest, that those contracts were directed to Elliot Lake, and I am sure someone close to you might have even suggested that, Minister. Therefore, we think that asking the ratepayers of Ontario Hydro to pay the bill causes some great problems, because in northern Ontario we consume 13% of the electricity in this province; we are net importers of that electricity. You would know that is far out of the way in proportion to our population, and that is because resource industries are important to us, that is because we have a colder and longer winter; for a lot of reasons that I think all of us will understand.

We think that asking northerners to pay twice, which is what happens if you ask the ratepayers to pay for that, is a problem. If you ask the taxpayers, northerners get back some of the money that went down in resource taxes to the provincial government. That is not a hypothetical distinction.



I think it has real impact on northern development and northern viability in the long term.

I would just ask you to think about that, because talking to the forest products industry and my friends at E. B. Eddy, which is one of the best producers of pulp and paper and fine paper in the world in terms of both the environmental impact of its operation and in terms of its economic viability, the numbers are staggering if you look at what that does to their cost of production and therefore their viability, and these are some of the better plants, because they have been restructured fairly recently.

If we are looking at the long-term viability of sawmilling, if we are looking at the long-term viability of pulp and paper, we have to look at the impact of electricity prices, and that is why having ratepayers pay for diversification in communities is a real problem. I just wonder if you have analysed that. Have you had a look at what kind of impact using Hydro's ratepayers' dollars to perform a function that more properly belongs to the general revenue fund has on the northern economy in general?

**Hon Miss Martel:** Let me make a couple of comments, because we are going to disagree fundamentally about who had the role to play here. I guess there are a couple of things I want to put on the table for members to consider.

Number one, the utility consumers or energy users have been paying through the nose for those contracts since 1978. We will not get into why or wherefore the former government forced Hydro to get into such premium contracts, but it did. Since 1978, energy users in the province have paid about \$1.2 billion over what they would have paid had Hydro been able to purchase uranium on the open market, or on the spot market. I want people to bear in mind what energy consumers have already been paying in the last 10 years.

A big part of the increased Hydro rate this year has been blamed almost entirely on what has gone on in Elliot Lake and Kapuskasing, and I resent that, because I think what went on in Elliot Lake has very little to do with the rate increase. I think a big part of the rate increase is the cost to pay for Darlington now and for the problems that have come because the nuclear industry has not gotten on stream as quickly as it should have and without the problems it has had. We are left over the next three years as a province picking up some of that tab that frankly should have been paid for before.

1740

But what I saw happening in the debate on Bill 118 was a characterization of the rate increase as being very much part and parcel of what went on in Elliot Lake, and it is just not true, not if you look at the figures and the amount of money we are going to pay for Darlington.

Second, I think the member would argue as I would argue that a company that walks away from a community has a moral obligation. I wish we could have got those offshore people and got some money from them for the devastation they have caused in that community. Hydro, in spite of the fact that it is an agency of the government, still continues to be a major corporate employer in the province, and surely we would no more expect Hydro to walk

away than we would a private person to walk away if in fact there were obligations and responsibilities it has and should be meeting.

Given the package we have developed, the energy users in the province are going to end up paying much less than they would have had we continued with those contracts. There is a significant saving in here. We have gone from \$1.2 billion to \$250 million, and the \$250 million carried out over three years.

I say to him I do not think it was a problem for the rest of the taxpayers, nor should it have fallen on the consolidated revenue fund to fix. Hydro is directly responsible for those contracts. When they walk away, they still have some responsibility to make good for that particular community and to aid in that transition. I would not have expected that to come out of the consolidated revenue fund when the employer was someone completely different. I mean, the employers are the companies, but certainly the person who had the contract in here was Ontario Hydro.

I just go back to your point about whether they should or should not have set up a fund. You would probably recall that in Kirkland Lake, when Dofasco walked away, it set up a fund in that community as well. It was only \$5 million, and it was sure as heck not enough to fix the problems that are going on in that region, but even they recognized that they had some moral and some social obligation when they walked away. I would say that Hydro had the same.

**Mr Brown:** Of course, the difference between Dofasco and Ontario Hydro is that Ontario Hydro is the purchaser of the uranium. Dofasco was a producer. If you were asking Rio Algom or Denison to do it, I would totally agree that it is the same thing, but it is not the same thing for Hydro. I agree with the minister that it is Hydro that has the responsibility, but it is a responsibility that was—Hydro did this. They were directed to do this. We do not disagree with that. The province was the one that really dictated the contracts. These were probably—well, I guess I should not make judgements; it happened 10 years ago. But it was a judgement of the provincial government as much as it was the board of Ontario Hydro. If it was a political decision at the time, maybe the politicians have to take responsibility for that.

You would know that at the time the contracts were signed, they were probably not that far out of line. At the time, given the fact that other utilities entered into somewhat similar contracts—I am not arguing these were good contracts, but they were in the ballpark anyway. The saving that has occurred, the \$1.2 billion you talk about, is mostly because lower-priced uranium has been found in the world. At the time, Elliot Lake was the premium supplier of uranium to the world market. So things have changed.

My point, and it is the same as Mr Wildman's, just is that the taxpayers had the responsibility. I am not changing my position whatever; you are changing yours, or at least the position of Mr Wildman on this.

The other thing that I think has to be quite clear is that your commitment to Elliot Lake prior to September 6 was very clear, and it was not this at all. That causes the community some difficulties, at least in the credibility of politicians.

Do we believe what any politician might say to us? That is my problem. I think an electorate has the right to expect a government to do what it promised when it was in opposition. Maybe you do not, but I think they have every right to expect that. The promise to Elliot Lake was clear, concise, and I heard it thousands of times, as my constituents probably did. This is quite different than that, and I would remind you of that.

I would also remind you that Ontario Hydro has a plan before the Environmental Assessment Board today, and in that plan, if it is approved by the board, there is great possibility for economic diversification of the North Shore. Under one scenario in that plan that is put before the environmental assessment, there is a \$12-billion or \$15-billion project proposed; under another one there is a multimillion-dollar proposal for a generating site. There is also the Patten Post hydroelectric dam that is before that plan.

There are a lot of things that Hydro has indicated it wants to do before an environmental assessment. To me, doing things that make sense to Hydro certainly is the best way to get northern development going and a strong base in the community. Could you give me the status of Patten Post? What is going on with Patten Post? You did not mention it in your release, although it was mentioned at the previous announcement.

**Hon Miss Martel:** The north shore tribal council, as the member would probably know, moved a motion, it would have been early in September, to indicate that it had not had any consultations with the government and/or Hydro on a possible development at Patten Post, and therefore were opposed to any development in the area at this point in time.

The Minister of Natural Resources, who also has responsibility for native affairs, is in the process of tracking down a negotiator to deal with the tribal council in order to figure out what its concerns really are with respect to Patten Post and if this also involves other concerns with respect to land management in the area, etc. So at this point in time, Hydro awaits some kind of settlement between one band in particular, although the whole tribal council has adopted this position, and the government with respect to these particular issues.

There has been no further movement on getting the work ready for the environmental assessment until we have been able to sort that out. Clearly the announcement that was made on the 17th and the impression Hydro has been operating under from that point on is that there would have to be agreements with the bands in the area for that development. Since we do not have it at this point, they are awaiting some kind of settlement of those outstanding issues.

**Mr Brown:** Just to clarify that, are you saying that the bump-up of Patten Post is off until you get this agreement, and it is just going to be dealt with within the environmental process, or the bump-up will occur after you get some resolution, if in fact you do get a resolution with the north shore tribal council?

**Hon Miss Martel:** We are in some difficulty in proceeding when we had made it very clear to particularly the member who was on the working committee who was

representing Serpent River that we would expect agreement between the native communities, Hydro and the government on how to proceed. There is no agreement at this point in time. We would be causing a bit of a problem in that community about how serious we are about negotiating if we also gave a direction for Ontario Hydro to continue with its work without having a resolution in place. I do not think I would advocate that Hydro proceed while on the other hand the government is trying to negotiate with the bands involved to figure out what exactly the problems are and how we can resolve them.

**Mr Brown:** In other words, if there is an agreement, you will bump it up; if there is not, it will be dealt with within the total environmental assessment of the 25-year plan.

**Hon Miss Martel:** If there is an agreement, we would want to fast-track that, as we mentioned certainly in our announcement, because we recognize the construction development potential and the employment opportunities that could come, particularly if you have a group coming out of the mines at the end of 1996 who will be looking for employment. We recognize the value of the construction opportunities that are available there for people in Elliot Lake and the north shore. We had given a clear commitment, it is my understanding, when we went through this process that we wanted to fast-track that particular project.

I will not comment on the other energy initiatives that were involved in the \$25 million, but particularly on that one, we did want to fast-track. But I say to the member again that I would be reluctant to give any other advice to Hydro at this point in time, because I think the bands would see that as a serious undermining of any negotiation going on between the province and themselves if in fact we told Hydro to proceed on its merry way while we continued to consult.

1750

**Mr Brown:** I think I understand what you are telling me. With relation to Elliot Lake, I think members would be interested in the job creation project that is going on there, where they are using \$9.8 million—off the top of my head—

**Hon Miss Martel:** I think it is \$9.6 million, but it does not matter.

**Mr Brown:** Close.

**Hon Miss Martel:** It is in there somewhere.

**Mr Brown:** —to create jobs in the community. Can you give us some idea of how many projects are now ongoing and how many people are employed? One of the difficulties, being somewhat familiar with this, is that there are a number of people coming off UI at different times, and certainly what we want to do is have jobs available for those people at the appropriate time. But could you give me some idea of how that is going?

**Hon Miss Martel:** Let me answer the best I can. I do not know it as well as I should. The working group developed terms of reference for both an office to be developed in the community that would administer the programs and, second, develop criteria for those people who would qualify for programs.



Members should be clear: The government is very much trying to make a distinction between trying to employ those people who were involved in the mining industry and have been directly affected by unemployment versus a general unemployment program where we would allow anyone to come and participate. We said very clearly that the \$9.6 million or \$9.8 million that we have targeted for job creation must first and foremost serve those people who have been directly affected by a loss of jobs and are coming off of UI or, second, those people who have been indirectly but in some way affected by the layoffs themselves. I think there is a clear distinction that I want to make with the committee between those people and, for example, a student who worked over the summer who is now unemployed and is looking for employment opportunities. We would be focusing our efforts on that group of miners and/or spouses or people who have been directly related to the layoffs themselves and the loss of employment.

My understanding is that we have about 250 applications that are before the committee at that point. We have 50 jobs that have been created already and an estimated 100 to follow by mid-October. That is the latest note I have. We had 10 people who were hired to administer the program in all sectors. We hope we would be employing several hundred people, not only in Elliot Lake but in some of the other communities, over the next year or so. That would give them some opportunity to work enough, frankly, to get back on UI. If we can do nothing else but that, that will be what we will try to do and accommodate as many people through that link as we possibly can.

**Mr Brown:** As you know, I have had some problem with the interpretation of the criteria. I do not think I have any real quarrel with what the minister is saying, other than that directly unemployed miners are rather easy to identify; people who have been indirectly affected are very difficult. To decide as a result of the mines closing, "Is this one laid off or unable to find work or is that one?" is extraordinarily difficult.

My concern is, we are putting the people in the placement centre in an almost untenable position. I have had over 40 people complain in my constituency office that they felt they qualified and yet the people at the training centre did not think they qualified. Usually after some discussion most of them were qualified and it was all right. I am glad you have indicated you are having a look at this, because I think there is potential that some people would be left out who very well could take advantage of this program and the retraining that would come about because of it or the opportunities that may come about 15 or 20 weeks down the road after they do this particular job. I would urge you to have a look at that so that the community can be assured that everyone who can take advantage of this should be able to.

**Hon Miss Martel:** I do not want to leave a false impression here, because I would continue to maintain that, for example, for students who had nothing to do with the mining industry and had a summer job and are now off and looking for employment, I do not think this is a program they should be qualifying under.

Second, there would be a number of people who did not come to the community until after the layoffs began. They were not residents of the community and now have showed up. This is not a program for them.

**Mr Brown:** No, that is not a question. That is not even under debate, the criteria takes care of people who moved in. What we are talking about are the people who are there.

**Hon Miss Martel:** The only commitment we have made, and I think this has gone off in a letter to you, is that if we get through the initial round of people who are, obviously, on UI, have been unemployed, have lost their jobs as a result, and we can get into a second category, which is a more grey area, the 40 who you have referred to—if we have some money left after we clear the decks of the original group, we would start to consider those who would be in more what I categorize as a grey area. I appreciate your concern. What we are trying to do from our side is have a balance so that we are not operating a general unemployment program that we could conceivably also be asked to operate in Kapuskasing, for example, or elsewhere, but are very seriously targeting our efforts to those people who are suffering the effects of job loss or are laid off because of the downsizing in the industry.

**Mr Brown:** I am not disagreeing with your intent. I am just disagreeing somewhat with the way the program has been operating till now. I just know that as a constituency politician I am having a fair amount of interest in the community over the selection criteria for the applicants.

**Mr Johnson:** Mr Chair, how is our time allocation going? Is it being allocated fairly at this point?

**The Chair:** Of course it is.

**Mr Johnson:** I had no doubt about that, Mr Chair. I just thought I might check.

**The Chair:** By the end of the session you will see it was quite equitably distributed, but in anticipation of what you indicated to me was potentially a vote in the House, I was allowing Mr Brown to complete his line of questioning. I have not seen that we are going to have a vote in the House, but I do not think the minister is uncomfortable completing this round with Mr Brown, unless you had an earth-shattering question you wanted to raise in the next four minutes.

Please proceed. I apologize for the interruption.

**Mr Brown:** You might be interested, Mr Chair; I think I have more or less finished that line of questioning, but I am quite interested in some others. Perhaps in the final few minutes we might discuss a project that I know is near and dear to the minister's heart. I am wondering what progress she can report to the people of Ontario, particularly the people of Sudbury, on the fertilizer plant. Where is that? When are we going to see people working in Sudbury producing fertilizer?

**Hon Miss Martel:** We wrote back to the company when I became minister because there had been no new development on that front for some time. It was one of the things among a number I had talked about when I had been in opposition that I asked the ministry to reactivate and find out where we were.

We went back to the particular company which owns the phosphate resource to ask them if it was interested at all in developing this further—this is at the Cargill township site—because we certainly had an interest. We were prepared to work with Inco Ltd and Falconbridge Ltd in particular and to talk to our colleague in the Environment ministry to see if we could put something together for the environmental benefits but also for the employment benefits. At that point, the company told us they had no further interest in developing this particular site. They did not have the money at the time; a restructuring had gone on from within and they were not particularly interested. So for a long time there was no movement on any front.

They contacted us again, contacted Tom Marcolini, about five or six months ago, and expressed an interest again that they thought they would be looking at this project. We requested a couple of meetings, made phone calls back to them, and it was dropped from that end again. So we are prepared from this end to meet and bring to the table who-

ever we can. Unfortunately, the company that owns some of the resource, the phosphate resource in particular, has expressed now on two occasions no further interest in developing this project at all. Mike, I do not know if you have any more.

**Mr Barker:** That is about it.

**Mr Brown:** Thank you, Mr Chair.

**The Chair:** I cannot think of a finer note on which to finish this round of estimates than fertilizer plants.

**Mr Brown:** I knew you were going to say that.

**The Chair:** I just thought most of it was generated in this building, let alone what was going to end up in Sudbury.

If there are no final questions, this committee stands adjourned until Tuesday, November 19, when we will reconvene for the estimates of the Ministry of Northern Development and Mines. Thank you.

The committee adjourned at 1759.



## CONTENTS

Wednesday 6 November 1991

Ministry of Northern Development and Mines . . . . . E-623

### STANDING COMMITTEE ON ESTIMATES

**Chair:** Jackson, Cameron (Burlington South PC)

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Brown, Michael A. (Algoma-Manitoulin L) for Mrs McLeod

Martin, Tony (Sault Ste Marie NDP) for Mr Perruzza

#### **Also taking part:**

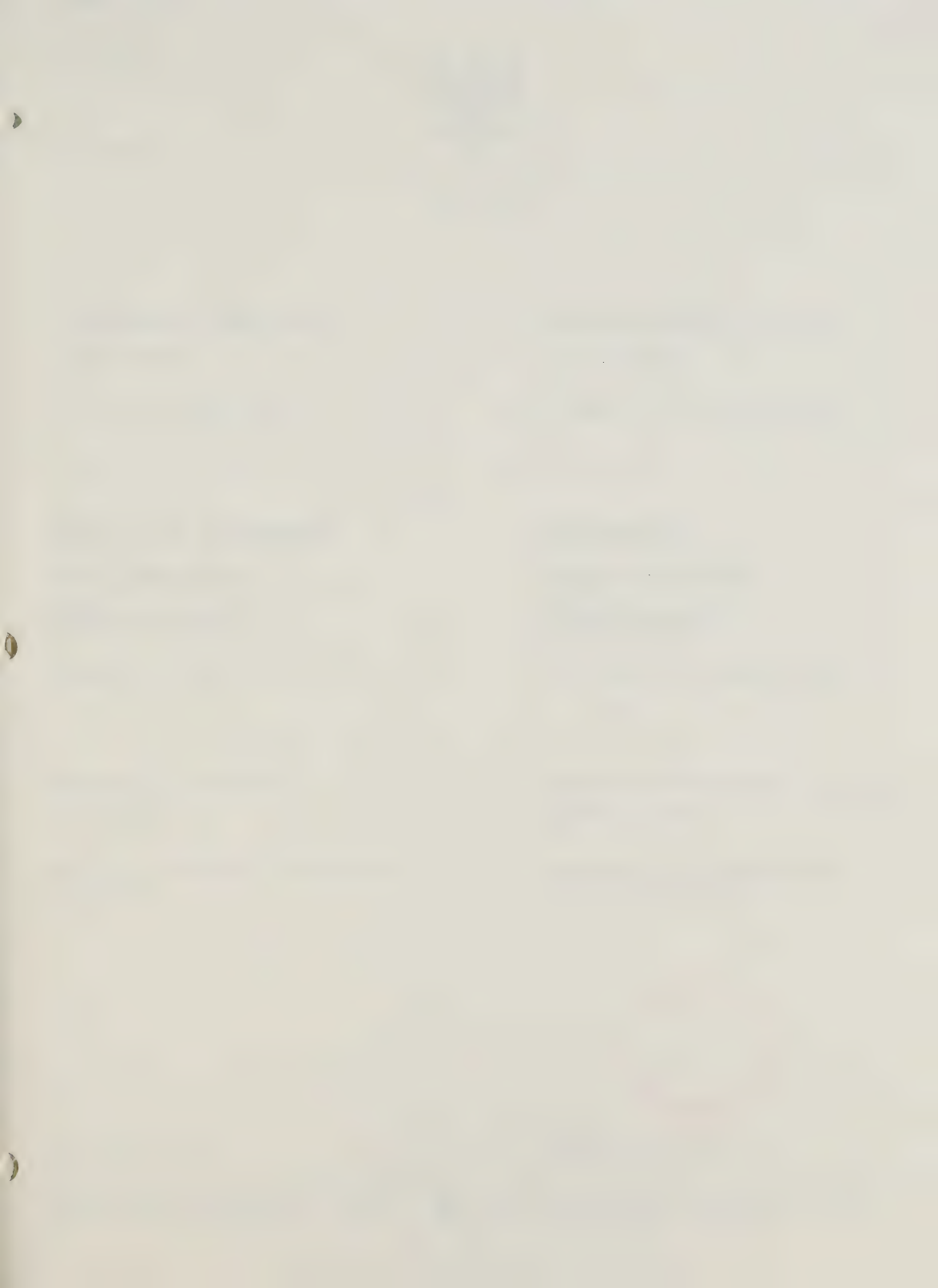
Miclash, Frank (Kenora L)

Wood, Len (Cochrane North NDP)

**Clerk:** Carrozza, Franco











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E-26 1991

E-26 1991

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Ministry of Northern Development  
and Mines

## Assemblée législative de l'Ontario

Première session, 35<sup>e</sup> législature

## Journal des débats (Hansard)

Le mardi 19 novembre 1991

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Ministère du Développement  
du Nord et des Mines

Chair: Cameron Jackson  
Clerk: Franco Carrozza

Président : Cameron Jackson  
Greffier : Franco Carrozza



## Table of Contents

Table of Contents for proceedings reported in this issue appears at the back, together with a list of committee members and other members taking part.

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## Table des matières

La table des matières des séances rapportées dans ce numéro se trouve à l'arrière de ce fascicule, ainsi qu'une liste des membres du comité et des autres députés ayant participé.

Il existe un index cumulatif des numéros précédents. Les renseignements qu'il contient sont à votre disposition par téléphone auprès des employés de l'index du Journal des débats au (416) 325-7400.

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON ESTIMATES

Tuesday 19 November 1991

The committee met at 1540 in committee room 2.

### MINISTRY OF NORTHERN DEVELOPMENT AND MINES

**The Chair:** I would like to begin this meeting of the standing committee on estimates. Miss Martel.

**Hon Miss Martel:** I think members should have received a copy of the responses we have tabled with respect to the questions raised by Mr Brown in our last meeting. If any further information is required, we will also provide that, but I think we have done the best we could, given the time to respond in detail to each of them.

**Mr Brown:** Thank you. We appreciate that answer and certainly if there is something to pursue, we will pursue it in the allotted amount of time.

**The Chair:** When we were last together we agreed to recognize Mr Eves to proceed with his opening statement, up to one half-hour, and then the minister will follow with her response to both presentations. She will have up to 30 minutes as well. Mr Eves, please proceed.

**Mr Eves:** At the outset, I would like to thank members of the committee, the minister and my colleague Mr Brown in particular for accommodating me as I try to wear about four different hats on different days. I am pleased to be here today to express my views about the Ministry of Northern Development and Mines, its program management and cost-efficiency.

I would like to begin my remarks by thanking the minister for her efforts on behalf of my constituents to achieve greater access to the northern health travel grant program. As many of you may be aware, I have been a fairly active participant in the fight to secure the eligibility of all residents in Nipissing and Parry Sound districts to participate in the northern health travel grant program.

On June 9, 1988, the then Minister of Northern Development and the former Premier of the province announced that the government had redefined the boundaries of northern Ontario to include all of the province's 10 territorial districts. The districts of Parry Sound and Nipissing in their entirety would then be considered part of northern Ontario for the purpose of all government policy and program administration. As a result of this announcement, all residents of Parry Sound riding were supposed to receive the benefits afforded to northern Ontario residents, who so often suffer due to a lack of services, distance and support systems.

In spite of the fact that Parry Sound riding received full northern Ontario status as of April 1, 1989, the Ministry of Health did not acknowledge the eligibility of all residents, in fact probably the majority, about 75%, to receive assistance through the northern health travel grant program. Both the definition of northern Ontario for the purposes of this program and its distance requirements precluded some constituents in Parry Sound riding from participating in the

program and I was unable to convince the former government of the inequity of these regulations.

As of July 1, 1991, the Minister of Health finally recognized the northern status of Parry Sound riding and changed the regulations to allow residents of Parry Sound riding to qualify for the northern health travel grant program. The minimum distance requirement for a grant was reduced for patients travelling both within northern Ontario and to Manitoba to 100 kilometres from 250 kilometres and for those seeking specialized medical care in southern Ontario to 200 kilometres from 300 kilometres. However, even further regulation now dictates that a general practitioner who refers a resident for specialized medical treatment must be a northern Ontario physician in order for the patient to qualify for the program.

As a result, some residents in the district of Parry Sound are still denied access to the grant. For example, a constituent living in the community of Sprucedale in the southern part of Parry Sound riding who would normally go to a doctor in Huntsville, the closest community, is presently not given access to the northern health travel grant program when required to travel to southern Ontario. I view this as being somewhat inconsistent with the commitment the Minister of Health has made, and I urge the Minister of Northern Development and Mines to lobby her colleagues at the cabinet table, especially the Minister of Health, to change this regulation, which is a deterrent to some of my constituents receiving proper specialized medical treatment.

I have mentioned this fact directly to the Minister of Health and she did indicate several weeks ago that she would look into the matter, but any assistance you are able to give me would be greatly appreciated. Northern Ontario is severely underserved by medical practitioners. In fact, there is only one child psychologist and one speech pathologist and one neurologist in the entire area of northern Ontario. As of next week, there will only be one dermatologist in the Sudbury region, which is home to some 160,000 people.

The cap on billings for doctors will result in even further inequities in the health care delivery system in northern Ontario. When the recent agreement with respect to a cap on doctors' billings was signed between the Ontario Medical Association and the government, the OMA was of the understanding that any problems with this cap would be negotiated on an individual basis, and in fact paragraph 10 of the agreement so provides. As a result, special circumstances in northern Ontario, they were led to believe, would be taken into account.

However, it is at least the opinion of the Sudbury and district medical profession that the minister has unilaterally decided not to consider any threshold exemptions beyond physicians who are currently in the government's under-served area program. There would be no exemptions for

doctors in hard-to-service areas and no additions to the list of physicians registered with the underserved area program. The minister should be well aware that not all doctors working in the north are covered under the underserved area program and of those who are, they are only covered for a four-year period of time.

I am concerned that this decision is going to have some negative ramifications on the accessibility of health services in northern Ontario itself. I spent a great deal of time this morning speaking to physicians in northern Ontario who informed me that they are considering leaving northern Ontario as a result of the minister's decision and that they are worried for their patients who will not be able to access proper medical care in the north. I understand that the minister, along with the Treasurer, met with representatives of the Sudbury and District Medical Society last week. At this time it is my understanding that you were both informed that specialists were thinking of leaving northern Ontario as a result of the Minister of Health's decision.

They also discussed ramifications of this situation on the northern health travel grant program itself, because of course patients who now access specialized medical treatment in northern Ontario would be forced to travel to southern Ontario if their physicians went south before them. This would result in an increased cost to government under the northern health travel grant program. In fact, I received a call this morning from a patient of Dr Donahue's, who indicated that it is his understanding—where he got this information I do not know—that not only will some patients perhaps be required to travel to southern Ontario but the Ministry of Health is going to fund day clinics for Dr Donahue to return to Sudbury and North Bay on a daily basis. I find that rather illogical, to say the least. Why not just keep him where he is?

I think the government, if it proceeds with the Minister of Health's current decision, is not only not going to recognize and accommodate the needs of northern Ontario residents but this in fact could lead to increased expenditures on behalf of the government as well. In other words, we could have the worst of both worlds. The government has been ignoring the health care needs of northerners for some period of time—and not just this government, I might add. The minister recently announced that Laurentian and Lakehead universities will receive a total of \$2 million over the next two years to pinpoint ways to recruit and retain health professionals in the north.

1550

This is a far cry from the medical and pharmacy schools which the New Democratic Party, while in opposition, promised it would establish in northern Ontario. I do support this initiative; however, I think we need to start bringing health care professionals into the north now. Any time we wait to begin this process, be it two years or whatever, results in a lack of service to northern Ontario residents. I think it makes sense that we should encourage northerners to receive treatment at health facilities in the north.

We have an excellent cancer treatment centre in Sudbury, the Northeastern Ontario Cancer Clinic. Study after study has proven that health care is most successful when it is provided as close to home as possible. Why are we not

encouraging patients from northern Ontario to seek treatment in Sudbury with respect to cancer rather than travel to other parts of the province where they are only isolated from their families and uncomfortable in unfamiliar surroundings?

I do not question for one moment this minister's commitment to northern Ontario. I find her to be a very caring and capable person who serves her constituency well. What I do question is the sensitivity of some ministers of the crown to the unique problems and needs of the north. I do not feel assured that the Minister of Northern Development and Mines truly has the ear of each and every one of her cabinet colleagues.

Over the past 14 months we have seen the government go from crisis to crisis without any overall economic strategy for growth and development in northern Ontario. They have reneged on several promises they made during the last election campaign and have no long-term plan for the renewal or revitalization of our economy in the north. I think we need some proactive solutions to the problems facing Ontario, especially in the forest and resources industries.

We have seen the government respond on an ad hoc basis to many eleventh-hour crises, usually after it is too late and usually at tremendous cost to the taxpayers. What we need to see from government, and what we have not seen as yet, is job training, retraining, private sector partnership, industrial restructuring and an investment strategy. We need a government which is proactive, not merely reactive.

The economy of northern Ontario is particularly vulnerable. There are several factors, including a lack of technology and lack of an efficient transportation system, which work against economic development in northern Ontario. With the growing concern about the protection and preservation of our environment, the resource-based industries have found it increasingly necessary to diversify and develop technology in order to respond to consumer demands. This diversification has been particularly difficult for northern Ontario, which is, by and large, composed of one-industry communities.

The government's record in northern Ontario and its continued misuse and neglect of the northern Ontario heritage fund speaks to its lack of commitment; at least I think you could come to that conclusion. Instead of using the fund to encourage businesses in northern Ontario, I believe it is basically being used to plug holes in dikes.

On November 4, the Minister of Northern Development and Mines participated in a joint federal-provincial announcement regarding the northern Ontario development agreement. This agreement will supposedly invest a total of \$95 million in the northern Ontario economy and help renew the forestry, mining and tourism industries. I have had quite a difficult time trying to confirm information. Since the announcement, I have been trying to secure a breakdown of the monetary arrangement of the agreement. Neither the federal nor the provincial government seems to be able to provide me with this information. As a result, I wonder whether this is a truly co-ordinated effort and how much preparation has actually gone into the agreement.

Tourism, mining and forestry are all very important to northern Ontario, but I must point out that the agreement does not make a commitment to the transportation systems



in northern Ontario. It says nothing of the four-laning of the Trans-Canada Highway through northern Ontario, which of course was promised during the last provincial election campaign. We do not see a commitment from either the federal or the provincial government. We will not see any great diversification of the economy of northern Ontario until the necessary transportation infrastructure is put into place.

I am very concerned that the agreement does not provide as well for northern Ontario as perhaps the 1985 agreement signed between the federal government and a former government promised. In fact, it would appear that Ontario will receive \$18 million a year less for forest resource development under this agreement than it did under the previous agreement signed in 1985, despite the fact that we are now some six years later.

The mandate of the Ministry of Northern Development and Mines is quite clear. It was established initially, and I believe still exists, to promote, advocate and support the economic and social wellbeing of northern Ontario residents and to generate new wealth and benefits for the residents of northern Ontario by stimulating environmentally and economically sustainable use of the province's geology and mineral resources. This ministry should achieve these goals through the promotion of northern community and regional economic development diversification and adjustment. It should also plan and co-ordinate an integrated multimodal transportation system, improve access to quality social and health services and provide cultural opportunities.

Many of you here today are very familiar with these goals, as I have been quoting them directly from a ministry publication. Over the last few years the Ministry of Northern Development has also directed its efforts towards diversification of the northern Ontario economy and educational problems facing the residents of the north.

I found it interesting before I came here today, as a matter of fact a few days ago, to read some of the minister's recent comments about the northern Ontario heritage fund and its successful promotion of economic development and diversification in northern Ontario. The minister, in a press release issued on April 25, 1991, applauded the northern Ontario heritage fund's commitment for this year, \$54.8 million, and a total of \$92.7 million committed to northern Ontario through the fund since its inception in September 1988.

I might say the minister would appear to have changed her mind in this regard. I recall when the member for Sudbury East was first elected to the Legislature. She arrived here, as many of us do, with many new and great ideas for the development of Ontario's north. In fact, she introduced a private member's resolution on April 14, 1988, condemning the government of the day:

"...for its inability to establish the northern Ontario heritage fund as outlined in the budget of May 20, 1987, and in the speech from the throne of November 3, 1987; therefore this Legislature strongly urges the government to: immediately establish the northern Ontario heritage fund; ensure that northerners, through committees representing northern communities, labour, native groups, women's groups and local small businesses, control the

disbursement of the fund; and provide substantial funding to help ensure long-term economic growth and diversification of the region."

The minister went on to state that in her eyes this resolution did not go far enough to express her outrage with the government's lack of commitment to northern Ontario but that she had toned down her resolution so she would not be ruled out of order by the Speaker. The member for Sudbury East went on to say that northerners had a right to this fund because they did not see a high return of their taxes. The money is collected in the government's Treasury in Toronto and for the most part stays in southern Ontario.

The member for Sudbury East rightly stated that this fund is not viewed as charity in northern Ontario, which faces particular structural and social problems of which many residents of southern Ontario are unaware. There is a definite need for leadership and co-operation in northern Ontario and the fund is required to ensure that economic development in the north is attainable.

During the debate on her private member's resolution, the member for Sudbury East asked why the government was stalling on the establishment of the fund. "After all," she stated, "the budget commitment was not excessive. It was a mere \$30 million; inadequate at best."

She called for a government commitment of at least \$500 million over three years to put in place an adequate fund that would continue over the long term. The New Democratic Party supported this request. At least they appeared to before they became the government. They believed at the time that ongoing funding would be secured in part from resource companies, particularly from stumpage fees and mining profits tax.

1600

Some of you here today will be aware that I rose in support of the private member's statement on that day and I was pleased to have the opportunity. I believe the former government's commitment to northern Ontario was tenuous at best.

The member for Sudbury East was steadfast in her fight for the establishment of this fund. In an open letter to the former Minister of Northern Development, dated April 5, 1989, she stated:

"Northerners were misled into believing the fund would be a vehicle to return to working people and communities in the north some of the wealth they have produced for resource companies, especially in times of need."

Unfortunately, I am here today trying to make the current government aware that I am becoming almost as cynical of its commitment to northern Ontario. I supported the member in her efforts to obtain moneys for a northern Ontario heritage fund. The problem seems to be that the minister has forgotten her resolution and the size she thought would be appropriate for the fund some years ago.

During the last election campaign, Premier Rae promised to establish a multimillion-dollar fund to protect resource-dependent northern Ontario from the ravages of boom-and-bust cycles. He announced that he would start a heritage fund equal to what the provincial government collects in mining and forestry fees to build industrial parks, to improve local schools and colleges and to shore up social

services. Mr Rae also promised that he would direct \$400 million over the first two years of his government, one of which has already expired, to this fund. Well, Premier Bob, you have 10 months left.

As I have stated before, we have watched the government stumble from crisis to crisis during the past year in its dealings with northern Ontario. The government's handling of unfortunate situations in Kapuskasing, Elliot Lake and with Algoma Steel has been short-term at best. I think the government could use the northern Ontario heritage fund to help develop and diversify aging industries in northern communities, and perhaps we can avoid emergencies such as these in the future altogether.

I think all of us here are familiar with recent events in Kapuskasing. Spruce Falls Power and Paper Co was offered for sale to its employees by the CEO of its parent company. If the employees were unable to assume ownership of the company, it would have been restructured, resulting in the termination of 1,200 of its 1,450 jobs, which would have devastated the entire community.

The option of employee purchase, however, hinged upon the completion of the sale of the company's hydro dam, Smokey Falls, to Ontario Hydro for \$15.5 million. The agreement was that the dividends from this sale would be translated into shares which would be given to the employees of Spruce Falls, with restrictions to ensure employee ownership and included 80 years of free power to Spruce Falls by Ontario Hydro or the cash equivalent of approximately \$15.6 million each year. Ontario Hydro's agreement to the deal, however, was contingent upon the provincial government's environmental approval of the redevelopment and transmission upgrade plans for the Mattagami River.

The Minister of Northern Development appeared to enter into the negotiations, but the citizens of Kapuskasing refused to give up hope for a settlement and brought their plight to the forefront of provincial debate through the use of media and a rally at Queen's Park which was sponsored by the leader of my party. After much demonstration, the Premier decided to take the matter into his own hands and negotiated with Kimberly-Clark himself. The final agreement was identical to the initial agreement except that the 80 years of free power Ontario Hydro had agreed to became 10 years of free power and \$60 million in cash. This amounts to \$20 million in excess of the initial agreement. Furthermore, the provincial government accepted liability for the sale of the Smokey Falls dam should it fail the environmental assessment, which could cost the Ontario taxpayers several millions of dollars.

The deal provides the workers in the community what they asked for—not handouts, not guarantees, but an opportunity to turn hard work and sacrifice into shared success. What I do not understand is why the government allowed the situation to get so far out of hand.

We have the example of Elliot Lake. Ontario Hydro had been buying uranium from Rio Algom and Denison in Elliot Lake for the past two decades. The deal signed with these two companies called for Ontario Hydro to guarantee a price that covered production costs and provided a margin of profit. Shortly after that deal was signed, the market

price for uranium dropped; however, Hydro was committed to paying an inflated price for the Elliot Lake product.

Due to the fact that the Elliot Lake uranium industry could not compete with western strip mining operations, Rio Algom and Denison could not attract new customers. As a result, 2,300 layoffs were announced by these companies in early 1990. On April 30 of this year, Hydro announced the cancellation of its contract with Denison. There will be 1,050 jobs eliminated in the second quarter of 1992 as a result.

Last June, the Minister of Northern Development announced that Hydro's contract with Rio Algom would be extended until 1996. This marks the beginning of a major transition program for Elliot Lake out of the uranium industry, and the government has required Ontario Hydro to contribute \$250 million to initiate the process. Approximately \$160 million is the cost of Elliot Lake uranium above the market price. Another \$65 million will be directed towards economic diversification projects and \$25 million is designated for the development of private generating facilities in the region. As a result, the economic responsibility of Elliot Lake has fallen to Ontario Hydro.

I think perhaps we should be looking at this situation as a commitment from the government, and the northern heritage fund, if you like, not Ontario Hydro. I think the fund is the entity that should be assisting Elliot Lake. I do not think Ontario Hydro is mandated to provide the province's social programs and to provide economic benefit to the residents of any part of the province. That is what government is for. If you want to do something like that, I think the appropriate vehicle is perhaps through the northern Ontario heritage fund. I do not see Ontario Hydro as a social service agency. I do not think that is the reason it exists.

It is somewhat ironic, if not a conflict, that the government would extend the contract between Ontario Hydro and Rio Algom when it had previously announced it had a moratorium on nuclear expansion. We are still waiting to have a clear indication of the path the government will take to assist the workers of Algoma Steel. I hope the government will realize that the artificial bolstering of the industry will not provide long-term solutions to the problem.

I am quite concerned about Bill 118, An Act to amend the Power Corporation Act. If this proposed legislation is passed in its entirety, it will set a dangerous precedent and turn electricity bills into a tax grab, or at least a potential tax grab, by any provincial government. It would afford the minister new powers which would allow him or her to issue policy directives that are binding on Ontario Hydro even if they have nothing to do with Ontario Hydro's reason for existence—which is, by the way, the production of safe, reliable energy at cost to Ontario consumers.

Bill 118 is the end of the province's long-standing principle of power at cost and it will change the relationship between government and Ontario Hydro. It will force rates up; it will result in economic hardship for residents and businesses in Ontario; it will discourage and prevent future economic growth and, perhaps somewhat ironically, it will probably hurt industries and residents of northern Ontario more than those in the south.



Bill 118 changes Hydro's mandate to include anything the government says it should, such as social assistance or regional development. Consumers will then pay for these directives through electricity rates. At least the experience in Elliot Lake would seem to indicate that the government plans on making Ontario Hydro an agency for funding social programs. Public utility commissions across the province are united in their opposition to parts of this proposed legislation, and for good reason. I think it would be very interesting to see what effect this proposed legislation will have on user rates throughout the province.

Meanwhile, there are over one million Ontarians on social assistance and some 60,000 farm families in the province whose incomes are being reduced. At the same time, the provincial government is increasing the total public service payroll by some 14.5% this year. I think the government should be rethinking its priorities.

1610

I read the minister's press release of October 28 with some interest. At the time she announced a new program entitled the Strategic Consultation and Action Now North, SCAN North. This is supposedly a grass-roots consultation program for northern Ontario which will consist of specific projects initiated by the ministry on the advice of northerners.

I am extremely concerned that this announcement, which contains no real monetary guarantee for this fiscal year, has been designed without a real commitment from the government. Five sections of this program will hold a series of roundtable discussions focusing on mining, forestry, small business and native entrepreneurs, native economic development in the private sector and waste management and recycling.

I am surprised there will be no discussion about the transportation issues in northern Ontario which have a definite impact on the lack of economic growth in that region of the province.

**The Chair:** Mr Eves, excuse me. You have two and a half minutes.

**Mr Eves:** I think we could probably spend more than seven and a half hours merely discussing the transportation issues in northern Ontario. For example, when I was first elected to the Legislature in 1981, one of the most important issues in my riding was the four-laning of Highways 11 and 69. We are in 1991 and it still is. I have met with more ministers, more interested individuals, written more letters and introduced more petitions regarding this issue than I care to count.

I really think the government has to make a commitment and not just mouth the platitudes from time to time that yes, it is committed to four-laning Highways 11 and 69, but it cannot give us an exact timetable; or if it does give us a timetable, there are always economic reasons why it cannot deliver on the timetable.

I can recall in the last provincial election a document called Agenda for People. It was quite clear as to what the policy of this party which is now in government would be if it were elected. There were no ifs, ands or buts attached to that commitment. It said that this government, if elected, would spend \$100 million each and every year of its

mandate, without exception, on four-laning the Trans-Canada Highway through northern Ontario.

I do not care whether the federal government is committed; where is your \$100 million? Where is it being spent each and every year of your mandate? Where is the \$400 million Mr Rae promised to spend in the first two years of his mandate? He did not mention economic recession and ifs, ands or buts, if the economy is all right, if this, if that.

**Mr Brown:** Oh yes, he did. He said we were in a recession.

**Mr Eves:** I think Mr Brown is quite right. The Treasurer pointed out that anybody would know in April 1990 that we were in a severe recession. I believe the Treasurer said that. I do not see how he can use that as an excuse now at the end of 1991. He knew in April 1990, long before the provincial election of September 6, 1990, that we were in a very severe economic recession, yet these commitments were made in the Agenda for People. I think the government should deliver on them.

I would like to commend the minister with respect to the creation of the marketplace program. I believe this three-year pilot program is very innovative and I think it will go a long way to assist businesses in northern Ontario and to access private and public sector procurement of markets.

The only other issue I am going to touch on very briefly, Mr Chairman, with your indulgence, is the migration of young people from northern Ontario to southern Ontario.

Between the years 1981 to 1986, there was a net loss of some 25,000 young people between the ages of 15 and 24. This accounts for some 15% of the total population in this age group migrating to southern Ontario. I think we really have to develop something with respect to the education system, the university system, as well as diversifying our economic base to give our young people the opportunity to remain in northern Ontario where most of them would prefer to be. I think there is a very direct role the government can play in this. Education is a starting point for developing the economy in northern Ontario.

I am pleased to have been able to attend here this afternoon. The main point I am trying to stress is that I think the government has to have a more proactive role with respect to the development of northern Ontario than has been shown to date, at least in my opinion. I look forward to working with the Ministry of Northern Development to try to correct what I perceive as some very basic inequities within the province.

**Hon Miss Martel:** I would like to thank the member for Parry Sound for his comments on a broad range of issues which I find to be most helpful. I will try to respond to as many as I can within the next bit of time and then we can go from there.

First, I appreciate the concerns he has raised with respect to the northern health travel grant program and I also appreciate the work and the participation we received from him with respect to trying to get his constituents actually receiving the money in the two areas designated under travel grant.

I was surprised at the statement he made in the Legislature some weeks ago that doctors who are now outside the underserved area program are not having their patients

also qualify even though they are being sent to the south, because I certainly hoped that in the work we had done with the Ministry of Health we had fixed the outstanding problems. Obviously we did not, and I should have followed up at that point, because I was in the House when he made the statement. I would appreciate it if he would give me some of the information as well so I can talk to the Minister of Health and her staff about this and we can see if we can have another go at it.

Second, I want to spend a little bit of time on OMA agreements, because it concerns me as well. A number of us have spent some time fighting for northern health care and institutions and doctors and the whole gamut and do not want to be in the position where we see an erosion of that. I also recognize that we need more of the same, more people coming and staying.

You have raised in your remarks, and I will point out again, that a number of physicians and specialists in underserved areas have already been designated by the ministry for exemptions. I understand that a list was being completed last week in a meeting between the joint committee representing the OMA and the Ministry of Health, although I do not have a copy of that document and I am not sure if it will be released for public use. I am advised by the minister that a number were exempted and the final rounds, at least for the meeting last week, were also being added to that list.

I have a concern about what is happening in Sudbury. That was one of the reasons the Treasurer and I met not only with Dr Donahue but also with representatives particularly from obstetrics and cardiology on Friday afternoon. We have done a couple of things at this point. First of all, I was not aware there were problems with respect to Dr Donahue. The cardiologist, yes, I knew, because I had written in support of their efforts some time ago.

Dr Donahue wrote us a letter that I received about two and one half weeks ago asking for support. I wrote to the minister and also agreed to meet. We have, at this point, asked the Ministry of Health directly through the deputy, to have a meeting in Sudbury specifically with Dr Donahue, a representative of the OMA and his peers from Sudbury, if he would have that. I would like to be there if I can, or a representative from my office, so that we can have a good look at what is happening with his particular practice.

He reached his \$400,000 threshold some time ago. He is operating right now in the \$450,000 to \$500,000 range, as I understand it from this meeting. So he is getting some money, but certainly he does not feel this is enough to cover the costs he has. He agreed that he would be more than prepared to bring his accountants, etc, to such a meeting and we are hoping to have that arranged as soon as possible. At the same time, we will be having another meeting, hopefully on the same day, among the other representatives who were at the meeting to talk about their concerns specifically.

Let me make a point on the obstetricians, which is a case I am a little more familiar with. We did spend some time early in the summer attempting to get two obstetricians to Sudbury. At that point there were two who were prepared to come. The city had not been designated as an underserved area for obstetrics, and we were working

with the Ministry of Health to try and get that designation so those two obstetricians could come to the city and qualify for incentive grants in order to stay.

It is my understanding that discussions between the obstetricians and other general practitioners did not go all that well and at the end of the day the designation did not come through. However, we called the underserved area program yesterday. We have arranged a meeting with the doctor who is in charge there to find out what is happening. It is our feeling that if we can get the area designated, there may be a possibility that we could still get the two obstetricians, which would not only decrease the workload of the five who are working there but would also decrease the likelihood of any of them hitting their cap. That is one way I am pursuing right now, although there may be options.

With respect to the cardiologists, I know there is a definite problem. I have met with them before about this. I have all their concerns on file along with all their costs, etc., and I am hoping that in a meeting with the Ministry of Health we will be able to find a way to resolve this problem, because it is not my desire to see any of these people leave the community. They make a tremendous contribution, not only in terms of the health care they provide, but on a purely social level. In the community they are involved in all levels and all kinds of good work and I would not want to see them go. We made that very clear to them at this meeting.

#### 1620

You mentioned cancer treatment, and I just want to follow up on that. You asked why we were not encouraging more cancer patients to come to Sudbury. I can tell you that about three months ago, Dr Corringham signed a statement of relationship, I guess is the best way I can describe it, with North Bay to service its cancer patients.

Right now they are being served by the Princess Margaret Hospital, and Dr Corringham had for some time been trying to negotiate directly with Princess Margaret to have their patients looked after by our cancer treatment centre either on an outreach basis or having them come to our centre to be treated. It was my understanding it had been signed and efforts were being made to have those patients looked after in Sudbury. Efforts are being made on that front, and that particular move was certainly supported by the Ministry of Health. I hope we can see more of that.

I know there are also some efforts to try to have outreach into Timmins so the people did not have to come to Sudbury but could be looked after in their home community. I cannot tell you, though, how those are going.

With respect to the northern Ontario heritage fund, Arne Sorensen, the general manager, is here and he might want to make some comments, particularly on the division we are now seeing between strictly our funding of small business and some of the funding we are doing to maintain employment levels in northern Ontario, because there is no doubt there is a mix of the two going on.

I cannot tell the member that I have been at all the board meetings. We had a very good go around with the former board about this some months ago when it became very evident that the people who were coming before the board were coming not because in essence they were going



to create any new employment but because they were desperate to try and hang on to the employment they had.

There was a general go around at the board about whether that was the role of the board. It was agreed among members that the situation in the north was so bad now that we could not turn our eye away and let companies go down and lose the employment already there and that we had a dual role to play: one, to try and fund whatever new businesses were out there and looking for incentives and, two, to keep those who were continuing to operate, who were very important in many communities in terms of that being the only industry in the community. It is also very important to respond to them with financial assistance to maintain the employment levels in those communities. There was a very good go around at the board about it.

It was agreed that was our role and would be the way we should consider all applications coming before the board, so we have had funding of a mix of both. For example, through the heritage board, we have had money flowed by Treasury to help out particularly in sawmills. In most of those cases—I will not give the names of the companies—it was not a case of buying new machinery to increase the product line, it was strictly a request for working capital to get through the hard times and we have funded, in many instances, those requests; not all, because in some cases the request was far beyond the board's capacity to meet. After an analysis between my ministry; the Ministry of Industry, Trade and Technology; the Ministry of Natural Resources, and in some cases the banks, it was not an operation that was going to continue in the long term, and giving money would only prolong the agony.

We have tried as best we can to pick and choose, and that is the best way to describe it. Those we thought had the best chance at survival, based on timber limits, who they were producing for and selling to, the age of their capital in their own plants, we have provided in those cases strictly working capital, which is different, I think, from what the fund was originally set up to do.

If you want more details on some of the other strictly small businesses, Arne is at the back, but I will wait and see if you want that.

Mike Brown and I had this discussion about what I had said about the heritage fund on Thursday last and I agree with you, there is not enough money in that fund. We will have allocated, and did allocate by September of this year, \$62 million in the time from last October to September, allocated everything that was there, plus any of the excess left from the first two years that the board kicked in.

I wish we had more money because we could use more money, there is no doubt about it. But as I said to the member and will say to you today, the situation I find myself in, along with every other minister as we go before the treasury board at this point, is how we are going to maintain the programs we have. It will be very difficult to keep all my programs in place. I do not have any extra money to put into the fund, much as I would like to, because I think there is a need for it. I said to him that was one of the areas I had undertaken and given a commitment that there would be no decrease in that \$30 million. The

decreases we will have to eat will be found within the ministry. I do not know where they will be yet or what we will be directed to do. Certainly the \$30 million will stay, but I cannot add any more to it at present.

You mentioned some of my comments from the debate with respect to having the board be more representative. You would know that in June of this year many of the appointments for the previous members were up and it fell upon us to decide who we would reappoint and if we would make new appointments. We made a major change on that board. We put 14 new members on and we retained six.

I did that because I did not think the board was terribly representative of the face of northern Ontario society. We now have a board that has a strict division between men and women, so we have 10 and 10. We also have an equal number of people representing labour backgrounds and an equal number representing business. We have added two more native representatives to the board, so we now have five.

This is not to say that the former members were not committed to northern Ontario, because they certainly were and they demonstrated that at all of their meetings and in all of the deliberations we had. But my sense was that, given that most of the appointments were up, people had served for three years and there was an opportunity to make a change. The onus was on me to try and do that and reflect what I thought was more of a northern society. I am pleased with the new members we have on. We are meeting for the second time on Friday. They are a very good group. They are as committed as the last, and I think overall we will continue to run in a very effective way.

I want to talk a little bit about NODA. I do not know why you are having such a problem and I cannot respond to that in terms of getting information, because certainly the information we have had in our ministry has been developed into a package we have been trying to distribute to our client group—I speak strictly on the mining side—as much as possible so they will have the details.

The releases we had on Monday last, when we made the announcement on the mines side, included not only the overall \$30 million total but also specific initiatives that were taking place in four communities, Sudbury, Thunder Bay, Timmins and Kirkland Lake-Larder Lake, and we had the specific details with respect to the funds and the projects and the mapping and the work we would be doing in each of those communities. So I can give to you without much difficulty what we will be doing on the mines side and who is co-ordinating that and the projects we have already targeted. Certainly on our side, before the announcement was made, we had done a great deal of work getting the projects ready and up, and some of them in fact had started.

I should also point out that Mike Barker, who is here as my assistant deputy minister, will also be sitting for Ontario on the committee that will be overseeing NODA, so we do feel we certainly have a direct line from our ministry into what is going on through this agreement. He advised me earlier that they have not had a call to meet yet, but I certainly can say that any concerns we hear that are raised during the process should be directed to me to be directed to him or to him directly.

I know it is not as good as the 1985 agreement, and you are quite correct. I can only tell you that the mines side has stayed the same, the \$30 million commitment is the same, and it probably should have been more if you were adding inflation.

However, I do want to point out that after much negotiating with the federal government on the forestry side, frankly the federal government was not prepared to put any more money on the table. The negotiations went on for some time. A take it or leave it stance was adopted in the end, and I think the representatives on the provincial government side felt that \$95 million during these times was certainly better than nothing and we could do a great deal of good work with the \$95 million regardless. I regret that it is not more. However, faced with the position of take it or leave it, we took it, and this after many months of negotiating with the feds and trying to encourage them to put more money on the table.

The target of that funding is the primary resource sector: forestry, mining and tourism. Highways were not included in the former agreement, nor was there any effort made by either the provincial counterparts on our side or the federal counterparts to include highways in this agreement. It was targeted for primary resource sectors.

1630

With respect to Kapuskasing, Len Wood is here and he might want to make some comments later on, but let me make a couple of comments. The final agreement did have what we felt were some significant changes. If you will recall, when I announced that we were not in a position to deal with the proposition that had been put before us by the purchasing employees' group—that was the original employee ownership group that was first established in the community—I said that the government felt that not everyone had given, and in order to make this thing work, because there were some outstanding expenses from all sides, people would have to give a bit more. We were prepared to continue to negotiate and continue to look at any new plan which might come forward, but we could not commit to the plan that had come before us that we had been looking at intensely, certainly as a ministry along with other ministries. But ours was in the lead up until the deadline at the end of June.

The changes I felt were significant. Kimberly-Clark went from \$40 million to \$60 million with better loan provisions to the new company, which will be operated under what is called the employee ownership group. Tembec, besides putting an initial amount of money on the table, then agreed to put in \$15 million more over three years, so it upped its contribution. Third, the change in the 80-year free power credits was quite significant and better reflects what the needs of the group are as discussed with us. That has been done in terms of putting a monetary value on those 80 years of credit. We give money directly up front and we also double up on the power credits. They are flowed to the company up front in the first number of years of the development, when they will frankly not have a lot of money to be paying any other bills with.

It was not easy the first time round to say no. I did not enjoy it at all. I do not think Len Wood, who had to live in

the community, found it particularly heartening either to have to say no, but the deal that we arrived at the second time is much better. I should just bring members up to date.

We have moved along very substantially on a number of the legal questions. There will be another three sets of legal questions that will have to be decided during this week. We understand all ministries are on side. So far the whole thing is proceeding. We received some good news from the community that the fund-raising efforts were quite significant over the weekend and that the community has really almost reached the amount of money it said it would dedicate. That looked a little better than last week, when they had only \$2 million. I do want to congratulate the community for its efforts over the last week and to raise its share.

I do not think that what we did in Elliot Lake was social assistance. I would never categorize it as a social assistance package to Elliot Lake. Mike and I also went through this. Let me put my response on the table again. Hydro is a significant employer in this province. It employs thousands of employees. It also has billions of dollars worth of assets. It also has a responsibility, I think, to a community that has existed solely for those contracts in the last number of months. Rio Algom and Denison produce uranium now strictly for use by Ontario Hydro, so I see their obligation in that community as a corporate one and a social one. I think that Hydro, as a responsible corporate citizen in the province, did have an obligation to the community. The diversification package that was announced by myself on June 17 is very much a reflection of that.

I think the government had a number of choices. We could have told Hydro to cancel both contracts immediately and allow Hydro to walk away and allow that whole community to fall apart, even though it was only producing uranium for Hydro purposes. We could have asked them to continue to produce the uranium in both mines over a longer period of time, which is certainly the reason that the community was built. Much of the intention, when the first contract was signed, was that they would go to somewhere in the order of 2010, but again, the premium that had been paid over the last 10 years was in the order of \$1.2 billion, which is tremendously significant and a price we do not think energy users in the province would have continued to pay. Certainly they were paying that on their Hydro bills.

I believe we found a happy medium in Elliot Lake. We have Hydro maintaining its corporate and social responsibilities by continuing to produce at Rio, so we have some mining component that goes on in the community in order to make the transition from a mining community to a more diversified economy. Second, we have money that is set aside for diversification efforts—not only in Elliot Lake but in the four other communities along the north shore—which will also aid them in making that transition.

We have two things happening concurrently: first, the mining sector still intact but winding down and those jobs and that payment and income coming into the community; and second, a substantial effort on the other side, on behalf of the working group, to attract new businesses, to increase the efforts they are making with respect to retirement living; with respect to health care, the drug and addiction services



that are there, and with respect to some of the work that will go on with Laurentian University and others in decommissioning and mineral research to give that community and the others along the north shore the opportunity to make that transition.

I would argue with you, as I did with the Liberal member, that I do not and will never view it as a package of social assistance, ever. I think what we did and what Hydro discussed with the member was to very clearly ensure that Hydro, which had a role to play in the community, assumed the role it should have.

That leads into Bill 118 and the comments I heard during the debate that Ontario Hydro would now become a policy arm of the government or would have to respond to further government directives like social assistance. Again I point out to you that I do not feel what we did in Elliot Lake was social assistance, and I speak on behalf of the government when I say that.

I also notice that on October 2, in response to the debate that had gone on in the Legislature on Bill 118, the Minister of Energy stated very clearly in the House that he would be proposing amendments to make it very clear that policy directives that are issued must relate to the corporation's exercise of its powers and duties under the act and not lead to an extension of those powers and duties by means of government directives.

I think the Minister of Energy has made it clear to the House that when this committee goes on the road, and when it moves into clause-by-clause, he will be moving amendments. I do not have copies of them and I do not expect the standing committee on resources development does at this point either, but certainly he has listened to the comments that were raised and wants to make clear the direction the government is heading in.

I want to talk about SCAN North. The member stated that he was surprised there was no discussion on transportation, because this is an important discussion. I agree, but I would ask you to go back to the release and look clearly at what we have said, which is that for the moment the five areas we have identified in terms of task forces and work are the five we would like to do in the immediate future.

That did not in any way negate any other ideas or issues that would come forward. In fact we saw very much the role of roundtables or task teams or task forces, etc, to look at other issues as being very much part and parcel of what this program will do. We fully expect that a number of initiatives will come in from across northern Ontario, and indeed they have since we announced the program, from other people who are very interested in using the program in order to develop their own thoughts and have discussions about their own particular interests.

I should point out, on the question of transportation, that the member for Sault Ste Marie questioned me about whether or not we could have a dialogue on the role of Algoma Central Railway, for example. Given what is going on at Algoma Steel now, the uncertainty of the future in Wawa and the uncertainty of the whole railway system, he would very much like to have the unions, the company, the local members and other interested parties involved in dialoguing on that and on the longer-term role.

We are certainly looking at that as another possibility under this whole rubric which we have called SCAN North. So the five we have identified are the ones we are particularly interested in starting on immediately, but that in no way, shape or form disallows other people coming forward with ideas as well.

Two other things: I talked about An Agenda for People and the \$400 million over two years for the economy and northern development in the north, and second, the money that was to be committed for roads. I point out to this member, as I did to his colleague when I was speaking about this last week, that in this last fiscal year, through the anti-recession program alone, we committed about \$210 million to northern Ontario. That was strictly through that program. We committed \$15 million in Elliot Lake. We committed another \$15 million to our sawmill initiatives. We did the deals both in Kapuskasing and Elliot Lake and have done another major deal in Atikokan through the heritage fund. So in this fiscal year, in spite of the difficult times, we have put well over \$200 million into northern Ontario.

What will happen in this fiscal year, I do not know. I suspect we will not be putting that kind of money in. I do not know what my budget will look like at this point in time and neither do the rest of my colleagues as we go through this process of estimates before treasury board. I can say clearly to you that at least in the first commitment with respect to \$400 million, \$200 million has gone in this year. It has not gone in on the transportation side; I would fully concur with the member as he raised that in his deliberations.

Finally, with respect to the youth migration report, he will know that our initial response to the report released last January was to assume responsibility for a program that the Ministry of Colleges and Universities had, with some small measure of funding, to try to encourage employment during the summer. We took that over, added substantially more funding to it and changed the program criteria. This year we have run through a program that we call the northern training opportunities program, an effort on behalf of our ministry not only to employ students over the summer but to have an ongoing hiring of students right through, after their academic studies and hopefully into permanent employment with an employer.

#### 1640

We have established four categories for that:

The first component is strictly summer employment for students going through high school.

The second component is students who are going to university whom we are trying to keep in the community during the summer rather than have them seeking employment in the south. They may not come back to finish their studies with employers who we hope will make every effort to offer skills training and a permanent position for those employees at the end of the day.

The third component is an internship program, which is a year in an establishment with an employer who has every intention of hiring that person at the end of the day.

The fourth component is to try to provide employment opportunities for historically disadvantaged workers, natives, students, women, the disabled, etc, who would be working

with employers who also might normally not be making an effort to hire.

We ran a very good program in Dryden this summer where we hired native students to work with the police force. We found that to be very successful.

We had 2,500 applications and students placed. We will be running eight community consultations during the fall and winter to assess, from the participants on the employer and the employee side, how the program has worked.

Most recently we have begun some work with Cambrian College to try to have Nortop respond to its co-operative education program. They would like their students who are going through co-operative education and who will be looking for an employer with which to do their four-month or eight-month compulsory training to be able to qualify for Nortop. It is my understanding, speaking to the teachers at Cambrian last week who are most involved in this, that we are close at arriving at an agreement to have Nortop work in that way so the students could be assured that when they go out they can look for a job they think will be very suitable, approach the employer, tell the employer about Nortop and try to find a posting there which we hope will lead to a long-term solution.

That is what we are trying to do with the co-operative education program at Cambrian. We will be looking to see what we can do at other colleges if there is some room to move in those colleges as well.

I think I have had enough. I will stop for the moment and entertain some more questions.

**The Chair:** How am I to interpret that you have had enough?

**Hon Miss Martel:** I mean I have had enough speaking.

**The Chair:** That is fine. We will move to our regular rotation.

**Mr Eves:** I still want to pursue a few points I raised in my initial remarks. The minister says in her response, with respect to the health care problems we are seeing or at least the complaints we are receiving from the medical community in northeastern Ontario, and Sudbury in particular, that the Minister of Health is still negotiating and that no final decisions have been made. If I am incorrect in putting it that way, I wish the minister would correct me.

I find that somewhat confusing and so does the Ontario Medical Association, in view of the fact that I have a letter here signed by somebody by the name of Frances Lankin, MPP for Beaches-Woodbine, Minister of Health, dated November 14, 1991, which I believe, if I am not mistaken, was last Thursday. It is addressed to Dr Abdulla, a cardiologist in Sudbury who I am sure you are well acquainted with. It reads:

"After intensive consultation with the Ontario Medical Association, I have decided not to extend further exemptions to threshold payment adjustments for 1991-92."

That sounds like a pretty definite statement to me. The decision has been made. The minister has made it unilaterally and she has decided not to grant any further exemptions, so I do not know what you are discussing. She has made the decision. The decision is made and it is game over, unless she is now admitting she made a mistake, is

willing to reopen those negotiations and is going to reconsider the decisions she made last Thursday when she signed this letter.

She goes on in the letter to say:

"This decision has been made as a result of the severe financial pressures being felt by the Ministry of Health and the entire government of Ontario. I feel it would be inequitable to allow more exemptions at a time when hospitals beds are being cut and other sectors of our health care system are being asked to reduce costs significantly."

That sounds like a pretty definite statement. It sounds to me like she has made up her mind and it sounds to me like she has communicated that to Dr Abdulla. If she has not made up her mind or is now admitting that she made a mistake when she signed that letter last Thursday, I would be interested in hearing further about that.

I also have a letter in front of me signed by Mr Adam L. Linton, the president of the Ontario Medical Association, addressed to the same Frances Lankin, Minister of Health, dated last Friday, November 15.

"I am very disappointed to learn, in a letter from the deputy minister to Dr Moran dated November 13, 1991 that, after months of discussions, your ministry has disregarded our advice and has unilaterally decided not to consider any threshold exemptions beyond the small number of physicians who are in the government's underserved area program, who were already exempt under the agreement.

"The OMA firmly disagrees with your decision. While the OMA reluctantly agreed to thresholds during negotiations, it was with the understanding that some physicians such as those providing unique services, sole providers in rural and remote areas, among others, should be exempt from the thresholds to ensure the provision of necessary care to their communities.

"Certainly throughout the consultation process with the OMA on criteria for appropriate exemptions, there was no discussion at all of an across-the-board no-exemption policy.

"The OMA has advocated, and will continue to seek, a reasonable process with fair criteria to evaluate applications for exemption on a case-by-case basis that would involve the OMA, your ministry and a public component to make recommendations to you. I am not sure what the impact of your decision might be; however, I am not convinced that every physician will be able to continue providing the same level of service to the people of Ontario at rates that, in some cases, will not cover the cost of providing those services.

"I strongly urge you to reconsider this decision and allow us to develop a flexible and responsive set of exemption criteria.

"Finally, I should indicate that I do not agree with certain assertions in the November 13 letter regarding exemptions to thresholds that you claim to have already granted. The OMA position has always been that all technical fees were exempt under the agreement, and when the positive understanding regarding our differences in interpretation was reached earlier this year, there was no indication that the government was even considering a blanket no-exemption policy."

That is the letter in its entirety.



I also refer you to paragraph 10 of the agreement itself, which says,

"(a) Threshold payment adjustments set out do not apply to

(1) physicians working in underserved areas by arrangement with the Ministry of Health under the Ministry of Health underserved area program,"—that is the people who are already in—"or

"(2) where the Minister of Health determines, to physicians working in particular geographic or specialty areas.

"(b) The government agrees to consult with the OMA in developing guidelines for determinations under paragraph 10(a)(2)."

It would seem to me that the Minister of Health has breached that clause in the agreement. She has breached clause 10(b). There are no guidelines developed in consultation to determine who should be and who should not be exempt, or what particular geographic area of the medical profession should be exempt, or what specialty area should be exempt. She has said, "I have listened to you. I disagree. I have made the decision. Get lost. I am not going to give you any more exemptions." That is what she says in her letter. It is there in black and white.

If she has made a mistake, why did she not just stand up in the House today when this matter was raised and fess up: "I made a mistake. My colleagues in Sudbury don't like it. The Treasurer is giving me hell. So is the Minister of Northern Development and Mines. I am going to reconsider my position and I am sorry I ever signed the letter of November 14."

That is what I would expect from somebody with character. However, I am still waiting for a response. Has the decision been made or not? You and she seem to disagree on that. If it has been made, are we now admitting that it is a mistake and are we going to reconsider our decision of November 14?

**Hon Miss Martel:** In my response to the earlier question, I said that the reason we were having the meeting we had asked for—the meeting to talk not only to Dr Donahue but also to the cardiologists and to the obstetricians—was to search for a way to see if we could resolve this problem. I do not think I said specifically that the Treasurer and I had gone to the minister and told her that we were coming solely to ask for an exemption and that unless it was provided we would beat her up in the House or in public.

Let me go back to the case of the obstetricians, because I think there is some room to move which would have little to do with the threshold. Let me go back on this particular point. Two of those obstetricians will reach the cap some time in February. We had been working with the Ministry of Health earlier in the year to try to have Sudbury designated as underserved for obstetrics in order that we could allow people who had gone through as obstetricians to serve in that area as underserved and also pay back the government if they had gone through the underserved area program.

1650

We are working right now to see if that is still an avenue we can explore, because it is my understanding

that although the negotiations were going on with the Ministry of Health and the doctors in Sudbury, it did not reach a successful conclusion. I do not know the reason for that, but I do know there were two obstetricians who were quite prepared to come ASAP if the designation could be granted.

I have given an undertaking from my end in terms of the division of labour between the Treasurer and me, as to how to respond to our meeting, that I would go back. I have arranged for a meeting with Dr Brunet, who is heading up the underserved area program, to try to deal with the obstetrics question, because I think there is a way around it which would not involve exemptions on the cap and which would not get into the letter you have referred to that Frances sent to people saying there would be no further exemptions.

With respect to the cardiologists, I do not know what can be done, if anything can be done. Five of them have been very good to share with Floyd and me their concerns during the course of the signing of the agreement and the meetings between the Ontario Medical Association and the Ministry of Health about who should be exempted and why. I cannot speak to what avenue I can look at as a cardiologist who might be outside the exemption. I do not know if there is room to move in that area.

I cannot speak for the Minister of Health breaching the OMA agreement. I think you would have to raise that with her because my understanding was that a number of physicians in underserved areas had been exempted. As per this agreement, a list was being put together for that. As to the decision that was reached last week, I was not at the meeting so I cannot respond to what decision was reached and why, and what was said at the meeting between the OMA and Michael Dexter and whoever else was there.

I can only say at this point that we have given an undertaking to the group in Sudbury, who expressed their concerns very directly to us on Friday in a very good and frank meeting, that we will do the best we can. I do not know if we can fix the problem. I hope we can. If we cannot, then that will be a political dilemma I will have to deal with very directly, and I understand that. I think there are some avenues we can follow. What we are trying to do at present is to get the meetings in Sudbury as soon as we can, to sit down with the parties that have been affected, where the politicians are also at the table, and try to see what we can sort out.

**Mr Eves:** I would ask you, in your role as Minister of Northern Development and Mines, to take the plight of northern Ontario residents, especially in this case residents in your own community, to the Minister of Health, because the Ministry of Health seems to be quite adamant in its position.

Sure, there is a list of exemptions, but the second part of that paragraph, which the Minister of Health seems to be conveniently forgetting, is to sit down with the OMA to determine guidelines in consultation with the OMA on what further exemptions the Minister of Health determines should be granted in particular geographic areas or specialty areas.

It appears to me that she has listened to them; she has not, if I can believe the letter from the OMA, developed guidelines in concert with them. She has listened to them

and said, "I think you're wrong and I'm not doing it and I have no intention of sitting down developing guidelines for something I'm not going to do, period, end of discussion." I am pleased to see that perhaps you and the Deputy Premier and Treasurer might have some impact on the Minister of Health in what I think is a decision that should not have been made.

I have a couple of other questions with respect to the four-laning of the Trans-Canada Highway in northern Ontario. I wonder if we can expect to see some movement on that commitment or promise made by Mr Rae during the election campaign of 1990. Mr Brown points out to me, and rightly so, what of the minister's promise during that same election campaign to purchase 100% of the uranium produced at Elliot Lake? I think these are a couple of issues or questions that we should have addressed. Can you tell me the total number of dollars spent this past fiscal year by the northern Ontario heritage fund—perhaps you might have done that in one of your responses; I cannot quite recall now—and do you consider that to be an adequate expenditure?

**Hon Miss Martel:** My understanding is that we have allocated \$62 million since October 1, 1990, up until September 1991. Is it adequate? Probably not, because we have allocated everything we can and we will probably allocate everything we have this fiscal year as well. We have a significant number of requests, for example, coming through to the board on Friday which, if all passed, would represent several millions of dollars more. We will no doubt allocate everything we have to allocate by the end of the fiscal year before we get our new \$30-million allocation.

I am not sure, Arne, if there is anything else that could be added or that you would want to add to that.

**The Chair:** Please come to the front desk, Mr Sorensen, and introduce yourself. Please make yourself comfortable in the seat and speak directly into the microphone.

**Mr Sorensen:** I am Arne Sorensen, general manager of the Northern Ontario Heritage Fund Corp. The question, as I understand it, was the value of the commitments that have been made by the corporation in this past fiscal period. As the minister mentioned, it is in excess of \$63 million. The total commitments to date have reached \$130 million, in round figures. The corporation has received allocations totalling \$120 million. Funds which are awaiting disbursement are invested to generate interest, and the interest earnings of those funds since the inception of the corporation have now reached \$22 million. So we are really faced with about \$20 million left on our cash reserves for commitment purposes between now and March 31, 1992.

**Hon Miss Martel:** Ernie, did you have any more questions specifically on the heritage fund that Arne might want to answer?

**Mr Eves:** Not other than that I wonder if you still agree with your comment of April 14, 1988, that \$30 million a year for a northern Ontario heritage fund is, to quote you, "inadequate at best" and that the government should be making a commitment of at least \$500 million over three years in order to put in place an adequate fund that

would be able to continue over the long term. Do you still agree with that statement you made three years ago?

**Hon Miss Martel:** Given the shortfall we will have up to March 1992, that we will spend everything, I do believe the money we have there is not adequate. The needs we have seen since I have been here in the last year have been tremendous and we have responded as best we can as a board of directors to those needs, some in communities that otherwise had no source of funding to tap.

I would certainly like to see us be in a position to put more money into the fund, but as I said, given the fiscal constraints we are operating under, which I think everyone around this table is very much aware of, my attempts this year as a minister will be to make sure that every program I now have can currently operate. They may operate, and a good number of them probably will, at less money than we would like, but they all serve a very great purpose and I would not want to have any one of them cut.

The undertaking I gave the member for Algoma-Manitoulin last week was very much that this was one where we would not reduce any money but would be very hard pressed to find any more money to put into it. It would also, as I understand it, require a change in the act, and we are not in any way, shape or form in the position yet to undertake any more money or a change in the act to accommodate that.

1700

**The Chair:** Mr Eves, there are about two minutes left. I wonder if you would allow Mr Brown to have a short, quick supplementary.

**Mr Eves:** Certainly.

**Mr Brown:** Mr Sorensen, do you have any figures on how many jobs were either created or retained by the \$130 million?

**Mr Sorensen:** Yes, we do. A total of 1,700 jobs were created as a result of the assistance provided by the corporation. They are private sector jobs. A portion of the fund has been disbursed and allocated or approved for public sector projects. We are dealing here with about \$63 million in loans to the private sector, and it is those loans that have created that number of year-one jobs.

**Mr Brown:** Did you say \$63 million?

**Mr Sorensen:** Yes.

**Mr Brown:** And those are full-time jobs?

**Mr Sorensen:** Yes.

**The Chair:** Perhaps, Mr Sorensen, you could share with the committee the more complete information you are quoting from, if it is broken down by sector or by specific employer group.

**Mr Wood:** Yes. I have a question, but I want to respond to one of the statements Mr Eves made in his opening remarks, that the situation in Kapuskasing they were talking about in the middle of June was the same as what the Premier announced in August. Having worked in that mill—if I were still there, I would have been there 30 years at this time—and having been at most of the meetings that were involved there, the situation in June, as the minister has announced, was very much different.



There were no labour agreements in place that had been negotiated. There was not enough money on the table from the board of directors of Kimberly-Clark and the New York Times, which owned the place. There was not enough money on the table from Tembec, and there was a lot of screaming and hollering on the part of the CEO from Kimberly-Clark. He did not like the way things were operating and he did not like Tembec in there. He did not like this and he did not like that. As a result, everything had to be renegotiated. It looks a lot different than it did at the end of June. I do not know where your information came from on that, but the research is definitely wrong as far as that is concerned.

**The Chair:** Mr Wood, I am going to give you a fair degree of latitude, but I ask you to focus on questions to the minister.

**Mr Wood:** Yes, I have a question. I thought it was important that I correct my interpretation of what it was. I agree with what the minister had to say.

**The Chair:** I appreciate your indicating it is your interpretation.

**Mr Wood:** The question I have is on the high price of gasoline in northern Ontario. It has been a source of concern for northerners for a number of years, probably going back 25 years or so. The prices in northern Ontario are not all the same. Kapuskasing is known now as one of the highest places—Kapuskasing, Hearst and some of the other areas. A number of people, including myself and, I believe, some of the people from Sudbury, and maybe even yourself, Minister, campaigned on lowering the price of gas in northern Ontario. What have you done about the high price of gasoline in northern Ontario?

**Hon Miss Martel:** The Treasurer made an announcement in the budget that the motor vehicle licensing fee would be removed so that northerners would not be paying that fee, in order to provide a bit more of a balance of equity. Within our own ministry, we have done two things. We continue to be concerned that there is a pervasive sense out there that nothing can be done. We have spent a great deal of time, between our ministry and the Ministry of Energy, looking at what has gone on in other jurisdictions; for example, in Nova Scotia and New Brunswick.

We decided in this ministry that if we were going to get at the problem and find out whether this was going to work and whether we could deal not only with the basic inequity between north and south but with the regional inequities within the north, which is also a great problem the further north you go, then we should do our own work within the ministry and have that work done by someone from outside who could look at the other jurisdictions and see what had happened there. They could see whether the move towards parity and pricing across both of those jurisdictions had in fact worked to the advantage of motorists or had worked to the advantage of the gas companies involved, which was something we were concerned about.

We have developed within the ministry terms of reference in order to allow that work to proceed. We have asked that particular attention be paid to jurisdictions where gas pricing has been equalized, to actually do some work with

the legislators and the ministries in those particular jurisdictions to find out what resulted and what their sense was of who was benefiting and how.

Second, we were given information with respect to co-ops operating very successfully in Thompson, Manitoba, for example. We approached the Steelworkers in Sudbury to see if they were prepared to work with our ministry in developing a co-op in Sudbury and seeing if that would work. At the time they were in negotiations and had other things on their plate and just did not think they had the bodies around in order to develop that.

We have made contact with Co-op Gas in Verner, which is now interested in working with a community where representatives may have expressed an interest in taking a look at a gas co-op. One of my staff people has been calling some of the northern members to see if they think they have a community that is big enough and whether there is some interest expressed in the community to work with the co-op and our ministry to see if we can establish a co-op in one or two separate regions in northern Ontario. He has been undertaking that, but I do not know what the result of that call-around has been.

**Mr Wood:** Okay, a little bit on the heritage fund, Minister. I am interested in hearing more about the work the government is doing in the north through the northern Ontario heritage fund. You said earlier that the fund is one of four major program areas for the northern development and transportation division. How does the fund fit into the ministry and what is the ministry's role as far as the northern Ontario heritage fund is concerned?

**Hon Miss Martel:** The fund and the money of the corporation appear in our estimates under the northern development side. The fund was established by legislation in this House under the former government. That was for the Minister of Northern Development of the time to act as the Chair. A board of directors representing the people across the north is appointed through order in council by the government to sit and act as decision-makers with respect to proposals that come forward. There is no set limit in terms of the number of people who can sit on the board, although every effort has been made in the past, and that is what we continued when we did the reappointments in June, to ensure that every riding was at least represented by one member, if not two. That is not all of them, of course. There are 20, and given that there are 15 ridings, we have not doubled all the way across. But certainly we have had one per riding, and then we have native representation from other areas as well.

I think the board has an important role to play and it will have a more important role to play because we are undergoing now the terms of reference and criteria for a review of the heritage fund—its funding, its criteria, its policies, etc.—that is mandated under the act. So at the fourth year, which we are coming into, this review has to go on.

There have been a number of suggestions made to the fund from other ministries, from various interest groups, that we should look at opportunities for other entrepreneurs as well. A major bit of work was done with respect to the service sector—retail trade in particular, which is an area we have steered clear of to this point—which suggests

the need for us to become involved with that particular sector. So the new board members will be asked to look at some of the work that has already been done, some of the recommendations that have flowed from the retail service sector, to see whether there is a way we can accommodate those concerns or whether we think it is appropriate that we try to accommodate those concerns.

1710

As well, there are certainly areas in the public sector where people have made representation to say there should be things covered that are more public sector versus private as well. Again we do not want to cut off any debate. The board members will be asked to review these kinds of matters and make some decisions about where we want to head. I think in the next number of months we will have a fairly significant opportunity to review what we have and where we have spent money, what our role and mandate is and, given the numbers of groups that have come before us and asked to be a part of this process, what we think we can accommodate and what we think we cannot accommodate.

It is certainly a process I am looking forward to. I think there are some changes we can make that might provide some more assistance for people in northern Ontario, not only for those who are struggling to continue to survive, but for others who are quite interested in expanding and need some form of assistance from the province either because they cannot get it from the bank or they cannot get enough.

**Mr Wood:** Some people were very critical of your recent announcement in the House on what the fund was able to do in Atikokan. I wonder what your response is to this criticism. Is it considered just to be another bailout, as some of the comments and criticism have made remarks on?

**Hon Miss Martel:** Thanks, Len. Let's go back to the history in Atikokan. When we were there in February, both the sawmill, which was owned by Buchanan, and the Pro-board facility, which had American owners at that time, were down. There was a little over 80% unemployment in the community at that particular time, and we tried as best we could through anti-recession measures, because that was before we had announced the anti-recession package, to move some projects, particularly to Atikokan, to get some of those people back and to allow for the purchase of goods and services.

We then began dealing directly with the sawmill itself, because there had been a request for financial assistance and also assistance to look for a possible new product line. Earlier this year we were able to help that particular facility to get back on track. We worked very closely with the labour groups, which had a concern to ensure that the money we flowed to that particular division would remain in the community, and we gave an undertaking and provided assurances that the money we would flow would go to that mill and to no other and would help the local employment there.

That mill was up and running again by May and has continued to operate. The owner there was in Europe some weeks ago making efforts to show his product to the Europeans in order to attract a new market. I do not know of his success or lack of, either way, but certainly he is making

efforts now to try and have a broader distribution of his product line.

The second important thing was the funding at Proboard. The American parent had been trying to sell the particular facility for some time. The general manager at the plant had expressed an interest in buying it and maintaining the Canadian ownership of it. What they were needing again was financial assistance to get the thing up and running. They have to do some work in terms of finding new markets, but their importance is that they take some of the waste product that is produced at the sawmill and use it in their own facility. The importance is not only in terms of employment levels increasing again but certainly in securing the future of the sawmill, because the second mill uses their product, so there is somewhere to sell.

In terms of the second announcement, that put about 322 people back to work directly and indirectly. In a community of that size in northwestern Ontario that has been significantly hit in the last number of months, I think that was pretty significant.

I go back to the reason why I think we have used the fund in a most appropriate way. It goes back to a major discussion the board members had some time ago that I mentioned earlier, when we began to see how hard the recession was upon us and what kind of trouble that was creating in northern Ontario. The board has made a major decision that was agreed to by everyone around the table.

We have a responsibility not only to new enterprises that are getting up and running but also to enterprises that are already operating in order to secure that employment, particularly in communities where that is the single source of employment or a major employer. The board members had absolutely no hesitation in providing that funding. I certainly think it stabilized that community in a way it never expected. They were certain that neither would ever open again in the community. We have provided for all the jobs. Everyone is back at work. The employers in both operations are looking for new markets, and we think we have a very important success story there.

**Mr Wood:** As you had mentioned at your earlier statement's beginning, the forest products industry in northern Ontario had been hard hit by a variety of federal government policies, among them the high value of the Canadian dollar, the gruelling interest rates and the softwood lumber export tax. You have told us a bit about what your ministry has been able to do to assist stricken sawmill communities. We just went through one of them. I would like to hear more details about this.

**Hon Miss Martel:** There are two levels. I will deal with the sawmills and pulp and paper. The work we have been doing in the sawmills started about last March. We had been approached by a number of groups, and the former Minister of Northern Development as well, at a meeting in Hearst to try and provide some assistance particularly to the small local sawmillers. These are people whose family operations have gone on for years through difficult times. They are the last people to leave the community. They are the last people to pull out when everyone



else has. They were really feeling hit by a number of factors, all of which you have outlined.

We put together a package which has been targeted at helping the communities that have been affected. We have helped about 12 at this point in time in a variety of ways, most notably in almost every case by going to the bank with them and negotiating a further line of credit or increased credit from the bank to the particular corporation. That is where we have had the most success. So we have, with our money and in going to the bank, levered increased funds from the bank in order to allow these operations to continue. The money was flowed both through the heritage boards and through the Treasury. The Treasurer has a pool of money set aside for regional economic development and we tapped that pool in this case.

We think we have been very successful—some 12 communities, hundreds of jobs in the last number of months that we have been able to help save. All of those save for one have continued to operate with a great deal of success. The one we are now having a problem with, we have again suggested we will provide whatever assistance we can, but there are some other details which I will not go into with respect to that particular situation.

Let me make one other comment. A number of ministers, not only myself but particularly the Minister of Natural Resources and the Minister of Industry, Trade and Technology, have grown very worried in the last month over the state of the pulp and paper industry in northern Ontario. It is an area where major restructuring has not yet occurred and is probably before us. We have grown very concerned about their problems, with respect not only to monetary policies but also to the major question of recycling and the need for recycled content and the fact that none of them has recycled content now and would have to make a major expenditure in order to bring that on line.

About three weeks ago the Minister of Natural Resources co-ordinated a meeting between a number of representatives from the forestry industry: small sawmill operations, pulp and paper, people involved in waferboard, both of the unions that are involved, the Canadian Paperworkers Union and International Woodworkers of America, and a number of ministers. We had a very frank discussion about the need to work together if we are going to avert the kind of disaster that some of us are fearing right about now.

We had a commitment from all the people who were there, from the business community in particular, that they were prepared to work with the government to set up a series of ongoing meetings as quickly as possible to see what can be done. Certainly this is an area that we will be watching during this winter because, as I said before, it is an area where some of the major restructuring has not occurred yet and where some of it may well occur this winter. That restructuring will come one way or the other, but we will do everything we can to try and manage it in the best way possible.

**Mr Wood:** You recently announced SCAN North, a program which has been touted as an important part of the government strategy for the north. I have a two-part question. I am wondering why this announcement was made up north in Sudbury and not in the Legislature.

1720

**Hon Miss Martel:** Most members will recall that the former government had in place what they called northern development councils, nine councils established around the north to provide input and advice to the government of the day on northern issues. When I became minister we spent a great deal of time visiting the councils. I met with as many as I could personally and Andrea Valentini, my assistant in Sudbury, met with the rest of the councils to talk to them very directly about what their experience had been as a council, what had worked, what had not worked, if they felt the process was adequate and if they felt empowered or not.

We came away after dealing with all of those and with the chairpeople of the committees on two different occasions, with the view that they liked working with each other, they enjoyed the experience, but they were not quite certain whether they had empowerment. While they sent a lot of resolutions to Queen's Park during the course of their three years, they did not have a definite sense that answers were provided or they were listened to. They stressed to us the importance of empowering people to give life to some of the projects they had consistently mailed to Queen's Park in terms of possibilities.

Our project SCAN North is a replacement for those councils, and the funding set aside for that program has been moved over to deal with this particular project. We think it is different because we have targeted particular areas of concerns that not only the northern development council members raised with us but that have been raised with us within the ministry or by other ministries or by other interest groups in the course of the last year I have been travelling about the north.

We are particularly interested in getting the two on value added in the forestry industry and mining industry up and running as soon as possible because we believe there are some opportunities there. We have received confirmation from all the players both on a business and labour front, and they are quite prepared to participate. We have written to all those heads of organizations to ask them to appoint people and the letters went out last week. We will be selecting the co-chairs this week as well.

Again, those are the only five we have noted. We believe there will be opportunities for other people who have ideas and suggestions about particular projects or ideas they want to bring to us that we would look to funding. We are quite convinced that a number of members of the northern development councils who brought their expertise to the table under the former program can in fact bring their expertise here. We hope to get at least the first two I mentioned up and running before Christmas, because we think it is an important role that has to be played in terms of a longer-term strategy and we really would like to get them moving as soon as we can.

**The Chair:** If I might move in rotation now to Mr Brown.

**Mr Brown:** We have not dealt yet with the anti-recession program in our questions. The first question I would like to ask the minister is, in light of the Treasurer's

announcement some six weeks ago of a cut in capital expenditures in this province, and in light of the Treasurer's statement today of a further cut in capital expenditures in this province which would very closely approximate the \$700 million in anti-recession money, how much of the cuts the Treasurer has announced today and six weeks ago in terms of capital expenditure reflect on the north? How many dollars worth of projects this year that were in the capital expenditure program of the spring of 1991 are not being proceeded with?

**Hon Miss Martel:** I can only speak to the anti-recession program and tell you that 80% of ours will proceed.

**Mr Brown:** I am not talking about the anti-recession fund. I am talking about approximately \$700 million of capital expenditure cuts the Treasurer made across ministries. How much of that would have been spent in northern Ontario?

**Hon Miss Martel:** I can only speak to our own estimates. I cannot speak to any other ministry because I do not have that information.

**Mr Brown:** Could that be provided?

**The Chair:** First of all, for clarification, the question has been placed routinely to each of the ministries. Perhaps the staff members could indicate their ability to draw the numbers being requested from within the ministry and those other numbers which might be accessible from other ministries.

**Hon Miss Martel:** Do you wish Sheila to respond?

**The Chair:** Sheila Willis, please identify yourself.

**Ms Willis:** Sheila Willis, assistant deputy minister, corporate services: Of our original \$41.5 million allocated under the anti-recession program, \$1.1 million will not be proceeded with, and that is for the new Slate Falls hydro project. It simply could not get off the mark and get going in this fiscal year. That is the only project we were planning to undertake that will not be proceeded with this year.

**Mr Brown:** You are speaking directly of the approximately \$41 million that is within this ministry's budget, not the approximately \$160 million in other ministries' budgets that you say is being spent in northern Ontario?

**Ms Willis:** That is correct. We could obtain the information from Treasury about other ministry projects if you want us to get that. We could get back to you with it.

**Mr Brown:** I would appreciate that. I am sure all members would, if that is possible.

**Ms Willis:** We can do that.

**Mr Brown:** Regarding the anti-recession program, which I might add is much appreciated in many communities across northern Ontario, and I am not trying to suggest otherwise, we are concerned with the targeting of the program and whether it actually went where the need was the greatest in terms of job creation. Could you comment on that? How was your selection process related to unemployment numbers, growth and welfare rates, etc, so that the money that was spent was spent where it needed to be spent the most? It was needed all over the place, and I understand that, but there had to be areas of greater need.

**Hon Miss Martel:** We made every effort to take a look at the unemployment rates in the areas we were targeting. The ministry staff in each of the regional offices were asked, and then it was broken down into the offices in the communities, what particular projects the communities had identified. We wanted to be sure there would be something we could do in those communities once we had identified them as high-priority areas.

Certainly if you take a look at the overall amount of money that was flowed, you would see that in Sudbury and in Nickel Belt significantly less money was flowed. That came directly as a result that we were much more buoyant during this particular winter than were other communities. I see Mike Barker has a set of papers in front of him. If I just might grab it, it might give me the actual details. I have the figures by riding, Mr Brown.

**Mr Brown:** I am not certain we are as concerned by riding as we are by region, but it is fine if that is how you want to do it. For example, in my riding, the greatest need is obviously in the Elliot Lake area. This borders the Algoma riding and would not necessarily be reflected just in my riding statistics or Algoma's statistics.

**Hon Miss Martel:** I have the list of riding summaries to November 1 for anti-recession, which I can provide to all the committee members if they want to have it. I can tell you, just in looking through them, that my riding received the lowest amount of money. Please do not tell my constituents that. Then the Treasurer's were next. That was based on the fact that, frankly, we were fairly well buffeted, although not as well as we could be. But we did fairly well in terms of maintaining our employment during some very difficult times.

Areas that suffered significant problems, for example, yours, Mike: almost \$4.1 million in anti-recession money can run down the whole list if you want.

**Mr Brown:** I would just appreciate the information. I do not think it is necessary.

**Hon Miss Martel:** As I said, for example, in Atikokan we gave particular concern and particular priority to that community, because we were there before our list had been created. We were in a position to understand that a good portion of the community had been affected and was laid off. We moved a significant number of projects into Atikokan to respond directly to those people who had been laid off.

1730

**Mr Brown:** I understand the money you are talking about is your ministry's money, not the total fund.

**Hon Miss Martel:** Yes.

**Mr Michash:** We are talking about anti-recession funds. I think I have run this by you on other occasions. As Mr Brown indicated earlier, we are always happy to see these funds come into the area. I know I have been told a number of times that the funds are there to create jobs and stimulate the Ontario economy. My main concern is the stimulation of the Manitoba economy. We have had a good amount of anti-recession funds flowing out of the province to contractors in Manitoba. I guess what I am looking for



right now are your views on that and whether there are any stipulations in terms of the use of local labour and local materials, something we always look for in terms of stimulating the economy of our various areas.

**Hon Miss Martel:** There were no directives—that is the best word to use—forwarded to all the municipalities to tell them that under every circumstance they had to use an Ontario contractor, that X and Y amount of people had to be hired and that the goods and services had to be purchased locally. We felt the communities would understand that on their own, because it was them we were trying to help with our programming. It was certainly people in their communities who were unemployed and businesses in their communities that would need the purchase of goods and services. It was made very clear to all of them that the point of the fund itself was to stimulate purchase of goods and services and employment in their local communities. We left it to them to make the best arrangements they could, based on trying to provide for that and also trying to make sure they got the best possible value for money.

If I go back to the issue that has been raised between us, which is the case of Ignace, it is quite correct that it was a contractor in Manitoba who got that contract. It was also very true that the municipality looked at all the contractors, asked them what they could provide, and the contractor from Manitoba could guarantee the best in terms of purchase of goods and services and the best local employment. I would be very hard-pressed as the Minister of Northern Development to tell the town of Ignace that it had to hire an Ontario contractor who was going to provide less in terms of local employment and local stimulation than the contractor in Manitoba. So I felt, after reviewing the situation in Ignace, that the community had made the right decision. They had chosen someone who was going to give them the best possible bang for their buck locally.

I think you have to look at it on a case-by-case basis. I would not want to give a blanket provision or a blanket directive to these people to say, "You have to hire Ontario contractors," when in fact, as we saw in Ignace, the better deal was given by someone from outside.

**Mr Michlash:** Who follows up to ensure that those jobs were created in the community and that the materials were actually purchased in the community? Is there any follow-up done on that?

**Hon Miss Martel:** The ministry tracks the level of employment that is being created. I am not sure we track where the purchase of goods and services was. Perhaps there is a staff person who can help me on this. Does anyone know? Mike?

**Mr Barker:** I doubt they would track that, although with each project there is a set of terms and conditions that must be followed. I am afraid I do not have a copy of the terms and conditions. They may vary slightly from community to community. I am not sure there was a standard condition in those that requires the tracking of that information. We can certainly check it.

**The Chair:** For the record, "Mike" is Mike Barker and he is the assistant deputy minister of the northern development and transportation division.

**Hon Miss Martel:** The information we have is that the ministry must report to the Treasury on the jobs that have been created, and I understand we are doing that on a quarterly basis in person-years.

**Mr Michlash:** So those statistics would be available.

**Hon Miss Martel:** Yes, but that is just on the employment side. You have asked for the purchase of goods and services and I do not think we can provide that for you. I think we would have to go back to the local communities and ask them directly.

**Mr Brown:** We are concerned a little bit with the relocation program the government is presently involved in. We are concerned that the moves may not be happening as quickly as possible. Certainly the communities affected and looking for those jobs want the reassurance that everything is moving along as quickly as possible. I think of your ministry and the Ontario geological survey moving to Sudbury. I think of the Ministry of Natural Resources and its move to Haileybury. I think of the Ministry of Transportation and its move to Elliot Lake. I would just like assurances that these programs are moving as expeditiously as possible.

**Hon Ms Martel:** The move to Sudbury is proceeding on schedule. You will know that there had been money we gave back to the Treasurer in this fiscal year which touched on the mines and minerals research centre. It was money with regard to the purchase of equipment, which we felt we could leave to the next fiscal year, but we have gone through this again and all the people will all move. The building is on schedule and we expect to have people actually starting to move early in the fiscal year, in February or March, if I am correct, with almost the full complement in there by July.

With respect to the Haileybury and Elliot Lake relocations, I have written in support of Haileybury in particular, because the community has lobbied me several times. I very much understand their desire to have this go as quickly as possible. If there are any problems, I cannot tell you what they might be. I can only say that as a member who sits at the cabinet table, it is my understanding all the relocations will proceed. If there are any particular problems within various ministries in making arrangements to have that done, I cannot speak to that. I can only speak to ours, and ours is going ahead.

**Mr Brown:** As the so-called designated hitter in cabinet for northern concerns, I hope you would use all your influence to make sure the Haileybury and Elliot Lake moves proceed quickly, because these are both communities that really need those jobs and need them quickly.

At this time does the government plan further relocations to northern Ontario? As you know, what we have actually been talking about is the former government's program, not your program. Do you have a program for relocations to the north? Are you anticipating one? If so, when can we expect announcements?

**Hon Ms Martel:** I would say the magnitude of the relocations that will have to take place over the next two years is very great. The government has no plans at this point to announce even more when we have a number on our plate that must be completed. I can say to you that there has been no discussion at any table about looking for new designations, new areas of the government that may be able to move. That is not to say there may not be changes in terms of health care professionals and other people whom the government indirectly funds who may move, or changes in that regard. But strictly on ministries, I would say there are no plans for any further moves over and above the ones we committed to in the throne speech.

**Mr Brown:** Would you be supportive of more moves?

**Hon Miss Martel:** Only if they come to Sudbury? No.

**Mr Brown:** Strike that.

**Hon Miss Martel:** Let me just speak in a personal way. As a beneficiary of a relocation, the move has been very good for our community. It has provided a tremendous boost in the downtown area. I think the people around the table who have moved would agree that it has worked out well.

**Mr Brown:** We see a lot of happy faces.

**Hon Miss Martel:** Not everyone moved. People made their choices, and people will make their choices with respect to the moves in mines and minerals. I certainly say, as a recipient of a move into my community, it has been a tremendous benefit and I would be hard pressed not to support other moves that are reasonable and can be managed, because of the benefits I have seen in my own community.

**Mr Brown:** Shifting gears again slightly, the Gore Bay fish hatchery was the beneficiary of some money from your ministry. I applaud that. I would just like to know whether you intend to continue to fund the Gore Bay fish hatchery, out of what program it is funded, if it is available to other communities and what the criteria are for that program.

1740

**Hon Miss Martel:** It is one we have done without really a program in place to do it. We had a concern because of its high tourism value and its high potential for employment on Manitoulin Island. I would be hard pressed not to acknowledge its significance and therefore provide some funding in order to keep it going.

Whether or not we would provide funding over the long term, I would say that we have approached the Ministry of Natural Resources again, because we hope this would be something it would pick up and then look at the other cases that are out there—and I know there are others—in terms of funding.

At this point in time, those negotiations are not terribly positive. However, we continue to try and deal with that. We do not have a particular program I am aware of specifically for fish hatcheries that other people could apply to. It was very much a decision by myself and staff based on the importance of this, particularly for tourism and particularly on the island, and that is why we did it.

**Mr Brown:** The difficulty though is that it might be important this year; it is also important next year. Gore

Bay is not the only community in that position. There are a number across northern Ontario and I dare say in other areas of the province that are in the same position. I urge you to do this. I have spoken directly with the Minister of Natural Resources, as have the people of Manitoulin who are responsible for this project, and he is not very encouraging. I guess the ball is in your court, if I understand Mr Wildman.

**Hon Miss Martel:** It may be in our court at this point. Certainly we did it in the first year, and I think we gave an indication—I do not have a copy of the letter in front of me—to the particular organization that we would do it this year but we would make every effort to try and convince MNR to undertake it on an ongoing basis. Where that will lead to I am just not sure.

As I said earlier, and I hate to go back and harp on this, I do not know that there will be many new programs in any of our ministries this year. I suspect there will be very few and we will be trying to hold the line on what we have. Therefore I would be very reluctant to give any kind of undertaking to the member here and now to say that we would fund it on an ongoing basis or to say that we would be developing a program to do that. I do not think it would be fair to do that, because that may not be what we end up doing, in all honesty.

**Mr Brown:** Just quickly, could I have from the ministry an idea of how much money was actually disbursed to the Gore Bay fish hatchery at the completion of this fiscal year?

**Hon Miss Martel:** We think it was \$40,000, but we will get those.

**Mr Brown:** What I am asking is not for you to give me an answer right now but to tell me as of March 31 how much actually flowed.

**The Chair:** The fiscal year?

**Mr Brown:** Yes.

**The Chair:** Thank you, Mr Brown. They have undertaken to get you that information. Mr Eves.

**Mr Eves:** I just have a few other questions. I do not believe I received a response to one question I have asked a couple of times, and that is, is it your intention to deliver on the commitment in An Agenda for People to \$100 million a year in four-laning the Trans-Canada Highway?

**Hon Miss Martel:** I thought I did.

**Interjection:** No.

**Hon Miss Martel:** Sorry, I thought I made it clear that we had money to deal with the \$200 million which I committed out of the \$400 million over two years, but certainly we have not put \$100 million into this fiscal year and I do not see where we would be in a position to do that.

**Mr Eves:** Do you have any idea of the current employment or unemployment rate, as the case may be, in northern Ontario?

**Hon Miss Martel:** Yes. Just bear with me for one moment. I am going back to the questions we tabled this morning. The question as to that was raised by Mr Brown. I am reading directly our response:

"The current situation is worse than last year in terms of unemployment and increases in the number of general



welfare cases. The northern Ontario unemployment figure for October 1991 is 10.2% compared to 7.4% for October of 1990. Comparable figures for Ontario as a whole are 9% and 6.4%. The value for the north region general welfare case load is 17,309 for August 1991. This is a 40% increase over August 1990."

In 1990 the case load was 12,361.

**Mr Eves:** With respect to capital allocations for northern hospitals, would your ministry have any idea of what those dollar figures would be, or are they obtainable only from the Ministry of Health?

**Hon Miss Martel:** I think we could only give you EldCap beds and nursing stations, not hospitals. I think they would have to be obtained through the Ministry of Health.

**Mr Eves:** Speaking of EldCap, where are we at with that program now?

**Hon Miss Martel:** In light of the changes that came as a result of the long-term care paper, we have done two things. We have said very clearly to those communities that had a letter from either the former minister or the deputy stating we would be providing EldCap beds, extended care beds. Those commitments will be made by our ministry, because we do not think it would be fair right now to change those in some way when people definitely thought they were buying into and receiving beds.

We have said though that new requests that come on stream will be reviewed in light of the government's commitment to the long-term care policy and our efforts to try and push community-based care, so the need may not be strictly for beds but community services instead. We would try to be more flexible in terms of that funding, to fall in line with what we are trying to do in long-term care and try to respond to the needs in the community based on our view and our hope to have more community-based services provided.

**Mr Eves:** Maybe you have already done this. Could the minister give an accounting of the \$5 million that was provided for Algoma Central Railway, or at least the commitment that was made?

**Hon Miss Martel:** Yes. Through the heritage fund we provided \$5 million to ACR last year. That announcement was made by both my colleagues. Bud Wildman and Tony were both in the Sault to make that announcement. At the time, we stated very clearly that we would like to enter into some negotiations with ACR through the Ontario Northland Transportation Commission to determine its future and ours and what it might look like.

The negotiations began, but as you can imagine, they did not go for very long, given what happened soon thereafter in terms of Algoma Steel Corp. Certainly the future of Algoma Steel Corp, Wawa and the jobs is very much tied up with the future of what the ACR will be. At this point in time we have not had very much in the way of ongoing negotiations because we have all been involved in what is going on at Algoma Steel, so I cannot say to you where we will end up at the end of the day.

Certainly we are committed to keeping that railway going at this time because of the employment it provides, not only in Wawa but right up to Hearst, with the movement of

goods and services along that railway. Again, we hope that once we have sorted out what will happen at Algoma Steel, we will be in a better position to understand what the long-term future of ACR will be as well.

**Mr Eves:** What is taking place with the TEMFund?

**Hon Miss Martel:** The TEMFund is administered under the auspices of the Northern Ontario Heritage Fund Corp. I will ask Arne to give you the figures of the disbursements to date, but certainly all the programs that are approved come back to the heritage board for approval, because we disburse the funds on behalf of that particular fund.

I would ask Mr Sorensen if he might have with him information with respect to the disbursements to date from that fund.

**Mr Sorensen:** I know where to set them down.

**The Chair:** You can co-ordinate the microphone too, I'll bet. Now that you are completely at ease, please proceed.

**Mr Sorensen:** I am Arne Sorensen, general manager of the Northern Ontario Heritage Fund Corp. TEMFund, as the minister mentioned, is a fund that was created as a result of a donation by Dofasco when it closed the Sherman and Adams mines in the district of Timiskaming.

The provision of the donation was that the funds were to be directed towards economic development through the private sector. The \$4 million was donated to the Northern Ontario Heritage Fund Corp and is administered by it. However, there is a board that has been appointed locally in the district of Timiskaming. It is made up of the representatives of the various communities—Kirkland Lake, New Liskeard, Haileybury, Earleton and Temagami.

The applications are received by our office and evaluations are undertaken on our behalf by the Northern Ontario Development Corp from the point of view of the economy and efficiency. To date, there has been \$1.4 million in assistance committed. That has levered \$9.2 million in total investments, for 16 projects and 230 jobs.

**Mr Eves:** There would appear to be a funding decrease in the Ontario Northland Transportation Commission rail and ferry services. Is there a reason for that?

**The Chair:** Would you like to call on someone from the ministry?

**Hon Miss Martel:** We have two choices. We could answer this now for you, or Peter Dymont is in Toronto and is prepared to come tomorrow if there are specific questions on ONTC. If you have other questions on that commission, would you like to defer them until tomorrow when he is here?

**Mr Eves:** As long as I can get the information. Unfortunately, I will be in Quebec City tomorrow.

**The Chair:** On business with the committee.

**Mr Eves:** With the select committee on Ontario in Confederation.

**Hon Miss Martel:** Then we will give you that answer now.

**The Chair:** This is Michael Irvine, director of financial services. I have to keep all the Mikes straight.

**Mr Irvine:** The reduction in the estimates for 1991-92 for the ONTC relates to a request we had at Management Board for funding the night train. Management Board requested us to identify funding as an offset this year. As the committee knows, the night train is not being proceeded with, so that funding has been removed, but the \$1.2 million was related to that particular expenditure.

**Hon Miss Martel:** Can I respond on a political level? I do not expect the staff to do that.

We had entered into negotiations with the former government to try to gain some assistance from it in order to reinstitute the night train. Both the former and the current Minister of Transportation and I wrote to our federal counterparts and asked them if they would be prepared to participate by giving us some assistance in order to operate that, because it would be quite a substantial subsidy for us.

We most recently received a negative response to that, and because it did not look like we could proceed, we gave that money back to the Treasury as part of the restraint package.

**Mr Eves:** I wondered if the ministry has been contacted with respect to abandoned railway lines and particular bridges that groups in different communities—there are a couple here, Elk Lake, New Liskeard, and a group known as Northern Community Advocates for Resource Equity are asking both levels of government, because it involves both levels of government, to try to resolve this conflict. I wondered if your ministry has been brought into this set of problems and, if so, what your reaction towards these requests were.

**Hon Miss Martel:** I have not directly, but it does look like Mike Barker has had some discussions on this, so if you would not mind, I will ask him to respond.

**Mr Eves:** Another Mike.

**Mr Barker:** An earlier Mike. NorthCARE has indeed been in touch with us on this and we are going to look into it to make sure we see what can be done to retain the access the people are concerned about. The matter has not been resolved at this time, but we certainly hope it will be.

**Mr Eves:** To be fair, it is a complicated matter and it does involve both levels of government and the railways, etc. But in the three or four communities where they have talked to me about it, it would be a real shame to see those bridges torn down. It would be a real loss to those communities.

Mr Chairman, I do not have any further questions at this point in time. Perhaps some other committee members have some they would like to ask.

**The Chair:** We also have the option to adjourn early. If I am not seeing any nibbles, then I will entertain a motion to adjourn.

**Mr Lessard:** So moved.

**The Chair:** This committee stands adjourned until following routine proceedings or 3:30 tomorrow, at which time we will complete estimates for the Ministry of Northern Development and Mines. We have approximately two hours and 40 minutes remaining.

The committee adjourned at 1755.



## CONTENTS

Tuesday 19 November 1991

Ministry of Northern Development and Mines . . . . .	E-645
--	-------

### STANDING COMMITTEE ON ESTIMATES

**Chair:** Jackson, Cameron (Burlington South PC)

**Acting Chair:** Johnson, Paul R. (Prince Edward-Lennox-South Hastings NDP)

**Vice-Chair:** Marland, Margaret (Mississauga South PC)

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Hansen, Ron (Lincoln NDP)

Lessard, Wayne (Windsor-Walkerville NDP)

McGuinty, Dalton (Ottawa South L)

McLeod, Lyn (Fort William L)

O'Connor, Larry (Durham-York NDP)

Perruzza, Anthony (Downsview NDP)

Wilson, Gary (Kingston and The Islands NDP)

#### Substitutions:

Brown, Michael A. (Algoma-Manitoulin L) for Mrs McLeod

Eves, Ernie L. (Parry Sound PC) for Mrs Marland

Martin, Tony (Sault Ste Marie NDP) for Mr Perruzza

Wood, Len (Cochrane North NDP) for Mr O'Connor

**Clerk:** Carrozza, Franco





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## Assemblée législative de l'Ontario

Première session, 35<sup>e</sup> législature

# Official Report of Debates (Hansard)

Wednesday 20 November 1991

# Journal des débats (Hansard)

Le mercredi 20 novembre 1991

## Standing committee on estimates

Ministry of Northern Development  
and Mines

## Comité permanent des budgets des dépenses

Ministère du Développement  
du Nord et des Mines



Chair: Cameron Jackson  
Clerk: Franco Carrozza

Président : Cameron Jackson  
Greffier : Franco Carrozza

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## Table of Contents

Table of Contents for proceedings reported in this issue appears at the back, together with a list of committee members and other members taking part.

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at (416) 325-7400.

## Table des matières

La table des matières des séances rapportées dans ce numéro se trouve à l'arrière de ce fascicule, ainsi qu'une liste des membres du comité et des autres députés ayant participé.

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON ESTIMATES

Wednesday 20 November 1991

The committee met at 1537 in committee room 2.

### MINISTRY OF NORTHERN DEVELOPMENT AND MINES

**The Chair:** I would like to call to order the standing committee on estimates. We have reconvened for the northern development section of the Ministry of Northern Development and Mines. We have two hours and 47 minutes remaining. In our last rotation we heard from Mr. Eves, unfortunately for the last time since he has had to go to Quebec with the select committee on Ontario in Confederation and is unable to be with us today. I would like then to recognize, in rotation, Mr. Martin.

**Mr. Martin:** Just to recap a little bit and make some connection with the line of questioning I was asking the last time I was up, I was talking about the reality of scarce resources in face of some very huge challenges in northern Ontario as the recession has taken hold up there, probably more severely than in southern Ontario because of the one-industry nature of many of the communities. I certainly recognize the initiatives of your ministry in signing agreements with the federal government that speak to the economic renewal and revival of the area in time.

I have some concerns about some of the other areas. What I am asking for is some clarification. Apparently there is within your mandate, I think specifically through the northern Ontario heritage fund, the possibility of becoming involved in other areas besides economic development, in some social areas, and the ability to respond to particular needs of groups in communities that want to provide a service. Could you perhaps expand on that a little bit for me, so that we might understand more fully what that is all about?

**Hon. Miss Martel:** I will do what I can. I might be a little confused about the question itself.

Yesterday, I talked about looking at the Northern Ontario Heritage Fund Corp. again, because we are in the midst of having to do a review that is legislated under the act in any event. We will, during the course of that review, be taking a look at some of the recommendations that have come before us from various groups, and also things we have seen about people whose applications we have denied because they do not fit our present criteria, to determine what kind of changes we may or may not want to make, what kinds of sectors we may or may not want to include.

One sector in particular that comes to mind, because there has been some work done and some recommendations made, is the retail sector, where at this point in time we do not really have an approval process or a way for businesses to qualify in that sense. There have been some recommendations and board members will have to look at them.

When you talk about social services, we continue to do work in the context of research, for example in health care. We have committed funding to Dr. Ho at the northeastern

Ontario regional cancer treatment centre in Sudbury to carry out research on cancer. Whether or not we will go any further along that line I cannot really say to the member at this point in time.

I can only say we do have to go through a review. We would like that review to be very broad and to take the broadest possible look at some of the groups that have come before us and been denied funding because they did not meet our criteria to determine whether or not we should include them.

**Mr. Martin:** I want to focus it a bit more and get your impressions on how your ministry might or might not respond and perhaps then extrapolate from them to other groups. There are some groups in the north that are particularly handicapped when it comes to participating in the economic activity of their community and region. One of them, for example, would be the deaf community, which struggles with communication challenges of great size.

Would there be any provision in your mandate to perhaps help them become more involved in the economic activity of a community? Is there anything in past experience? Might you participate in any partnership between your ministry and perhaps Education, the Ministry of Community and Social Services and some others to maybe put in place opportunities for folks, particularly in the deaf community, to become more involved, and to use the resource that they are more fully to realize the potential of the north.

**Hon. Miss Martel:** Last year at the estimates this ministry in particular was identified as being behind, quite honestly, in terms of dealing with employment equity issues. We did very well when we were located in Toronto and had a broader multicultural base to draw from. In moving the ministry to the north, we were found, in our estimates last year, to be lacking in that regard. So we have taken a number of steps this year, particularly directed by Sheila Willis and the corporate services division, to try to make some changes in that regard, to try to be much more open, do outreach, and see which ways we can bring in members of the disabled community in terms of working on our staff, in the hope that we will then be able to provide long-term employment.

If you do not mind, Tony, maybe I could ask Sheila if she would not mind coming to the microphone to go through some of the initiatives. I think they are very important and certainly signal that we are making changes and making efforts to respond to the need to hire, not only more people who are disabled, but specifically—for the part of the world we represent—native people as well.

**Ms. Willis:** We are moving on a number of fronts as a major employer in the north to try and realize some employment equity goals. We have a number of very creative efforts that we are doing now in Sudbury. For instance, we are offering training and development opportunities when

there are available vacant spaces on our in-ministry training courses, so that people who are looking for employment with the ministry, or with other ministries, can get some firsthand knowledge of how government operates and some specific hands-on education in areas that might help them when they are seeking employment.

We have identified specific positions within the ministry. In fact, we have created some positions specifically to enable employment equity group members to come to us as employees. We have done that in the finance branch and we are doing that in other areas now. Next week we are holding a management conference, not inside our building but outside at the Jarrett Centre, and meeting with groups across the community that are specifically working towards employment opportunities for disabled and other handicapped people in the community.

We have had native awareness seminars where we have brought the native community representatives to our ministry and talked with the employees and learned more about their culture and the kind of employment opportunities we might be able to work on with them. We are working on a number of fronts. It is not the kind of activity where you see instant results, but I think we will bridge some of those gaps in the long run.

**Hon Miss Martel:** We have tried to do it on a political level as well. Sheila talked about the native awareness sessions administered to ministry staff. On a political level, we have also run two sets: a smaller one for my own political staff and a second, much larger training session that went on last May that was held on Manitoulin Island. It was facilitated by Clayton Shawana and a number of others from the Wikwemikong band, along with other facilitators from outside the community, to very much try and sensitize the staff, of the northern members, in particular because a lot of them are from Toronto and may not in their past experience, either work or social, have dealt with native clientele. We spent the long weekend in May going through that. A great number of the political staff of the members who were there benefited from that. So we are trying to do a sensitization of our own staff, both political and ministry, in dealing with our clients.

**Mr Martin:** Thank you for that. I certainly hope you keep in mind that a group such as the deaf community that wants to participate more fully in the economic life of its communities has some particular needs that could in some instances be fairly expensive initially. So that they might get into the system, they may need some coming together of ministries in the north, so that those are more adequately provided.

I have another question spinning off the employment equity one we have got into now, and which raised some concern in the north that perhaps you might want to respond to and help me as I try to deal with it. That is the reaction that comes in many smaller communities where government jobs are seen as the good jobs in the communities. They pay well. They usually have a bit more security. There are some benefits attached. When we get into the whole area of employment equity, and in the north particularly where we are trying to attract and hire bilingual employees, the

so-called white Anglo person who has lived in these communities for a long time is beginning to feel somewhat on the outside. There is a reverse discrimination charge coming back at us and I need to be able to deal with that. I wonder if there is anything you could share with me that would help me in that.

**Hon Miss Martel:** The entire government, not only our ministry, has responded in the last number of years since 1986, since Bill 8 was passed. It has responded in order to provide services in designated areas, both in terms of written material and verbal contact. A client has been able to communicate directly in the French language to staff in the ministry offices. Not all our offices are designated bilingual. Certainly at the head office, because we are situated in Sudbury and because of the large franco-phone population in the community, we make a great effort to deal directly with the clients coming to us on the projects as people who can serve them in their own language.

I have seen that kind of reaction before, of people getting the sense that every government job is now a bilingual job. We make it very clear in our advertisements in the paper and in our competitions which are designated and which are not, so people know when they are applying that if it is designated they will be expected to have a certain capacity both in the written and oral French language. I hasten to add that this is not in any way, shape or form the vast majority of our jobs across our ministry.

In designated areas we make efforts to have those positions designated so that people will be able to obtain service. The argument I hear every now and then about all government jobs is that now you have to be French. It is just not true. It is not true in my ministry and it is not true across any of the other ministries.

**Mr Martin:** It is a very real problem in that it creates a blockage to some very creative, forward-looking legislation and initiatives. It is not just bilingual, but you have to be bilingual, a woman and perhaps a first nations person and all that. It would be good for those groups as they attempt to get into the workforce if the government were to undertake a public relations campaign to dispel some of the myths out there around that. For example, what are the percentages presently in place? What levels are you attempting to achieve? When will that be achieved?

1550

In the meantime, what are the percentages of jobs being advertised that require certain qualifications above and beyond the regular qualifications for a job, actually, in any ministry in the north? It seems to me from living up there, dealing with this from day to day and the calls that come into my office, that there is something lacking in the communication exercise that needs to be done.

**Hon Miss Martel:** I think part of the way I hope that will be rectified will come with the employment equity consultations Ms Ziemba will take on. The figures on unemployment for all those categories of people you talked about, the disabled, people of colour, natives, is shocking, but all those people are productive and can be very productive not only in the public service but in the private sector as well.



As we have gone through the consultation document in cabinet with Elaine Ziembra with respect to why the government feels it needs to move on this and why we are going to have the very broadest consultation we can have, it is because we need to get those figures out to people. Once people see the rates of participation, which are extremely low in all those categories, and understand the impact it has on people's dignity when they know they are productive and can be part of the system, but have never found a way to break in, I think we will start to reverse some of the mindset you are talking about. Frankly, it is tragic what is happening and people have a role to play.

I very much support the legislation and the work that will go on. By that exercise, as she moves about the province, people will start to realize just what we are dealing with and why the government feels it is necessary to have mandatory employment equity.

I want to make a point on one of our programs I talked a little bit about yesterday, but I will re-emphasize it today, and that is our northern training opportunities program where we are setting money aside as a wage subsidy program to encourage employers to hire young people so they will stay in the north in the long term. I mentioned it yesterday but I will mention it again. We have a special component that is to deal strictly with people who are disabled, people of colour and native students in particular who would otherwise have a difficult time getting into the job market. We have targeted some money so they can work with employers and try to get into that market for the first time.

We are very proud of that component of the program, because I think we are going to make some major changes in attitudes on both sides, on the side of employers and some of those groups that have been left out. There was the pilot project we had going on in Dryden—I should not say "pilot project"—the employment this summer in Dryden to bring native students to work for the local police force. That was very important, because those groups would have had fears on both sides in terms of dealing with each other and probably a real lack of understanding sometimes.

Those are the kinds of things we are doing. It is probably not enough. We have a long way to go. We need to do a lot more work, but I hope that through that kind of program and through what will happen with the employment equity consultations, we will start to bring about a change of mind.

**The Chair:** Just for clarification for the committee, is that a Solicitor General program or a Northern Development program?

**Hon Miss Martel:** Northern Development.

**Mr Brown:** I would like to go back for a moment and talk about northern highways. In response to one of the questions we filed, the staff has answered that there is a long-term plan being developed by your ministry and the Ministry of Transportation. We are interested in the time frame of that plan. You mention you are going to increase the four-laning in the north by 733 kilometres. We are wondering within what time frame you expect that to happen.

**Hon Miss Martel:** The first question we answered is how many kilometres in the next four years. I am going

back to the answers we provided to you and I assume that is what you are referring to, Mike?

**Mr Brown:** Yes.

**Hon Miss Martel:** It is a question of how many kilometres of highway in northern Ontario will be four-laned in the next four years. We talked about the percentage that was four-laned at this point and the long-range plan. That plan, which was extremely expensive, has been looked at by the Ministry of Transportation and ourselves because we will fund it. It is my understanding that to do all we are talking about would probably be 20 years.

I am looking at Don Moorhouse who deals with the transportation side and he is nodding that it is 20 years. That leads to the question I have been asked before in here about whether that can be accelerated or whether we have any funds to accelerate and bring it up to a shorter time period. In terms of straight money alone in this fiscal year I would not have any money to bite into that a little bit more and increase the work we could do in the upcoming fiscal year.

**Mr Brown:** You are telling me the plan exists now and you have identified the priorities of what gets done first, in what order and where.

**Hon Miss Martel:** You would know that the ministry and ourselves release every year a five-year capital plan which outlines the work we intend to do. In our planning we certainly go beyond that. We are constantly determining where we are going to be looking at those areas that have been identified as priorities because of safety factors or high volumes of traffic, etc. We have done work all the way through, although all we publish is the first five years and attach as best as we can the volume of money required to do that.

**Mr Brown:** I am really asking, though, is the 20-year plan available?

**Hon Miss Martel:** We would only release publicly what we would do in five years so that both municipalities and companies may have some idea of where they are going to bid in the next couple of years. They could take a look at it and understand what work we are planning so they can make their own plans.

Part of the problem is that it changes. We are okay on the five because those would be areas we have identified, that we have figured, that we have funding put aside for and for which a lot of the planning work has been done. Consultations with communities may be well under way. When you start to go beyond that, I would be reluctant to release anything because it would start to change.

It would change, for example, if areas along other routes became identified as a priority because of a higher volume or safety problems or if we started to run into difficulties. Say, for example, we had to negotiate with a native community somewhere along that route and we started to run into difficulties about land transfers. We would be reluctant to put out anything more than that because people would assume that is what the plan is. If we did not follow it, there would certainly be criticism that we have something that is public and we are not following it, so why are we backtracking? I do not think we would want

to go much farther than five years to ensure that what is out there is what we can realistically meet as a target.

**Mr Brown:** I am a little surprised at the answer because I would expect that if it was in the public domain, and it was made clear that it was a proposal, that would allow communities, interested parties and people in the areas to have some input into the ministry to suggest changes.

In regard to the concerns you are expressing and some of the things the community might want to input, if that was out in the public domain clearly as a proposal and clearly as something that changes, I think it would stimulate some discussion and some of the communities may see some of the problems the ministry encounters with the four-laning. Every northern MPP would tell you his constituents want his particular portion of the Trans-Canada or whatever four-laned tomorrow.

Having it in the public domain may help your planning process. I understand it makes sense to have a five-year plan so you can do the appropriate environmental assessments in an orderly fashion. I wonder, because the task is so immense, whether it would not be better for northerners to have input into a long-term plan.

**Hon Miss Martel:** We may want to do that through a process that gets input in terms of, "If we had X amount of money and could do all this, what would you like to see done first?" But people do have input into the process. For each of the areas we move through, an environmental assessment has to go on. People have a right and should exercise that right to comment on the changes that are occurring and what their concerns are.

1600

**Mr Brown:** I understand that.

**Hon Miss Martel:** My worry would still be that whatever you put out there would, I suspect, become the plan. It would be very hard if you had to make changes to it, to tell people what we targeted to be year six is now going to be seven or eight because we have to expropriate some land and we are going to end up at the Ontario Municipal Board to do that and it is going to be a much longer delay. You raise people's expectations going much beyond five. We can control what happens in that five to a great extent. The work would already be going on at the same time as we released the documents. Once you get beyond that, it is going to become very fuzzy and things will change.

I do not know that you would want to have 20 years out there telling people what you think you would like to do, when it may very well change after year five. In year six you have set up people's expectations and you are not in a position to do that for a variety of other reasons and there is another route you want to take instead. I do not think I would want it much longer than that because it is just not that clear and is subject to too much change from within in terms of our own financial resources, our resources of technicians and engineers, how fast or slow the environmental assessment process is working, if we are into discussions with native communities, if we have municipalities that are objecting, etc.

**Mr Brown:** I guess we disagree. The other question in this pertains, as the member for Sault Ste Marie

mentioned, to the section of Highway 69 south of the Parry Sound district. What involvement does your ministry have in the area south of the Parry Sound district on 69, which is probably the most treacherous stretch of highway in this province? Do you fund that? Is it straight Ministry of Transportation? What input do you have into what they are doing, because although it affects northerners directly, it is not within the north.

**Hon Miss Martel:** Right. On how we work with MTO, the planning process and where our jurisdiction ends in terms of funding and where theirs begins, I would ask Don Moorhouse, our regional director in the Thunder Bay office, if he would not mind coming forward. He deals directly with his counterparts in MTO putting together the five years, but also on a lot of planning issues. Don, would that be okay?

**The Acting Chair (Mr Johnson):** Don, could you identify yourself and your position for Hansard, please?

**Mr Moorhouse:** My name is Don Moorhouse. I am in the Thunder Bay office as the regional director. I have a special responsibility in our ministry for transportation matters to do highways, roads and airports. As I understand it, you are wondering about our interest in the portion of Highway 69 south of the district boundary of Parry Sound, which is covered by MTO. It looks after that. Our interest, of course, is in the entire facility and we have passed along our concerns about moving that project—the whole four-laning along it—as fast as possible. To some extent they have been pressured through ways other than just our ministry. They are making plans to proceed northerly as fast as their funds and resources allow. We talk about that when we get together on a regular basis and we have every assurance that they are doing it.

**Mr Brown:** How many kilometres of northern highways would be four-laned this year, which is the year we are discussing?

**Mr Moorhouse:** "This year" being 1991?

**Mr Brown:** Yes. What is the answer?

**Mr Moorhouse:** The project that is under way right now is through Nobel. I believe that is three or four kilometres. To my knowledge—I am quickly running through the rest of the north—I do not think there is any other project under way that involves four-laning in this fiscal year.

**Hon Miss Martel:** Do you need information on planning, or just the actual construction?

**Mr Brown:** No, what has actually been done. It is too soon to ask you what is going to be done precisely next year. Moving along, one of the most important things your ministry does is act as an advocacy ministry among the other ministries of government. I wonder what input you have had regarding what I perceive and most of my colleagues would perceive as a government policy of high energy prices.

We see quite clearly that with the 3.4 cents a litre added to the price of gas, the people who have the longest drives to market of anybody in the province—if we just forget about the constituents for just one little second, although



we never want to do that, and talk about the business community that has to compete in this sort of world, obviously the distances of the north make the cost of getting the goods to market a little bit greater and getting the goods our consumers use back to the north a little bit greater. You travel over far greater distances; therefore the fuel consumption is greater and the costs associated with fuel impact more greatly on northerners, just in terms of competitiveness. I wonder what you have been suggesting in terms of your ministry's policy to the Minister of Energy and to the Treasurer in regard to the costs of energy in the north, specifically fuel and gasoline.

**Hon Miss Martel:** I think I mentioned yesterday that we have done two things in our ministry because we wanted direct ownership of the matter. Number one, we were interested in looking at two other jurisdictions where there had been equalization of gas prices, New Brunswick and Nova Scotia, and developing terms of reference within the ministry in order to have a study done about the impacts of equalization there. Who benefited? Was it the consumers or the gas companies themselves? We will fund that and we will have direct ownership of the results of that once it is complete.

Second, we also very much wanted to look at a model that had been developed in Thompson, Manitoba, with respect to a co-op gas station there and took it upon ourselves as well to say to our other colleagues that we would take that project on and look for a community where there was a sufficient population and an interest in trying to start up a co-operative gas outlet. One of my staff persons right now is involved in that project and has approached several communities that have an outlet that is a co-op now and is interested in working with us and that particular community, whichever it is, to see if we can develop that further.

**Mr Brown:** My question was not really about equalization. I think you pursued that quite well with the member for Cochrane North. What I am talking about is a 30% increase in provincial taxes on gasoline and fuel. Equalization is fine, but if it is equalization to the highest number, it is not much good. You have increased the costs to northern transportation significantly by a 3.4-cent increase in the provincial tax on gasoline. Whether you are in southern Ontario or northern Ontario, you are going to pay the 3.4 cents. I know you are going to tell me about licence fees, but that does not help the trucker much. How do you rationalize that? How does that make us more competitive?

**Hon Miss Martel:** No one likes increased taxes. By the same token, there are services in this province that we all have to pay for. How you do that is a difficult task for any government to determine.

Of course, I was not particularly thrilled with the fact that there was an increase in tax with respect to gas in the last budget, nor was my colleague the Minister of Agriculture and Food very excited about the fact that there was an increase in cigarettes, which directly affects his tobacco farmers, whom we all hear from. We all lobby on behalf of our various constituents, but we also all understand that somehow or another we all have to pay for what we have in this province, and we have to search for the best way to

do that without hitting one sector of the economy, one region, a very severe blow and not hitting any other region at all.

**Mr Brown:** That is exactly what I am telling you.

**Hon Miss Martel:** But I would say to you, Mike, that I would probably hear the same argument from people who live in eastern Ontario as well who have to drive very long distances, not only for work, for example, but to search for medical services. Those were certainly some of the arguments that came from our members from the east, that this also hit on them. They did not think it was just a northern issue.

If there was a nicer way to do things to raise money, I would certainly like to know about it, but the fact of the matter is, the Treasurer has to make some tough decisions about how to raise some money. As a member of the cabinet, whether I like it or do not like it, I also have to understand very clearly that there are other services and moneys I go to ask of him that have to be paid for in some way, so he looks for the best way to do that without unfairly penalizing any group of citizens.

I do not know what else I can tell you. That is the way it is. That is the same process we will have to go through when we get into next year. As he said very clearly in the House today, there will be taxes. We will have no choice, and people will be very unhappy by that, but there is also a level of service that people demand and expect, and to meet those needs, the money has to come from somewhere; revenues that are coming in and also people's taxes. It is not a nice way to do things, but it is what every government has to face.

1610

**Mr Brown:** At a time when you increase the provincial tax by 3.4 cents, you drop the Transportation budget in northern Ontario. Those two factors—

**Hon Miss Martel:** We did not drop the Transportation budget this year.

**Mr Brown:** By a million bucks.

**Hon Miss Martel:** No, no, that was on the Ontario Northland Transportation Commission.

**Mr Brown:** No. We could maybe get somebody to clarify that, but—

**Mr Wood:** For five years your government said—

**The Chair:** The Chair is feeling awfully lonely with this dialogue. You could make it interesting for me by going through the Chair. Mike, you have the floor.

**Mr Brown:** Thank you, Mr Chair. I am very interested in the choice, and the choice was that we are going to drive energy costs up. The same choice is being made with Ontario Hydro, that we are going to drive the cost of electrical power up. Those are choices that directly impact on the north, more seriously than on any other part of the province.

My people in Mindemoya cannot get on the subway. My people in Mindemoya cannot get on the bus. Those do not exist. They have to use their cars. There is no option. It is the same with my people in Gore Bay, who cannot convert to natural gas because there is none. Your policy is predicated on conversion and doing all kinds of things we cannot do in any event.

I suggest to you that the government, with its high energy policy, is hurting the north's competitiveness and the ability of our people to have the same kind of standard of living that exists in southern Ontario. I am asking you, will you work to reduce that? For example, you could ask the Treasurer not to proceed with the 1.7-cent increase in the tax on gasoline at the end of December.

**Hon Miss Martel:** I could do that, but I will state categorically in here that I will not do that.

**Mr Brown:** I thought maybe you would say that.

**Hon Miss Martel:** We would also have a net revenue loss we would have to find somewhere else in the system, and someone else's service and someone else's ministry will also be affected by that, and someone else in the public will be very unhappy because we will be withdrawing a service or looking for an increased tax somewhere else to make up for that revenue shortfall.

I hear you talking about driving up the price of electrical costs in the province, and I remind you that a big chunk of that increase is also to pay for Darlington, which was not paid by previous governments, which is a burden we are left with now to deal with.

**Mr Brown:** That will work for this year, but it is not going to work for any other year, and you are predicting 12% next year and double digits the next year. You can only blame Darlington so often. Once will work; more it will not.

**Hon Miss Martel:** Then I will use it to blame it now for this fiscal year.

**Mr Brown:** Okay, that is fine.

**Hon Miss Martel:** You would like to argue that it only penalizes the north. I have certainly heard your colleague from Renfrew North talk about sawmills in his area and how this was going to make an impact on competitiveness. There are lots of problems, I remind you, and lots of things that are impacting competitiveness in the north that have nothing to do with energy prices. The sawmills we have been trying to save in northern Ontario have not had a problem of energy prices. Their problem has been a 15% softwood lumber tax—

**Mr Brown:** It has gone.

**Hon Miss Martel:** They still have to pay, because the United States at this point in time is trying to appeal. If you talk to all those sawmills, you will find out they are putting their money otherwise targeted for 15% aside in a security because they were concerned they were going to have to pay it. So they have seen no change in their financial situation as a result of that policy announced by the feds.

They are having a terrible time with the high value of the Canadian dollar. It is wiping out not only them but a number of the mines I have to deal with, and there is a tremendous problem with interest rates. It is only in the last number of months they have declined. If you want to talk about competitiveness and who is getting nailed and by whom—

**Mr Brown:** But you cannot do anything about Mulroney. You can do something about your own shop.

**Hon Miss Martel:** —that has been the biggest problem we have seen in northern Ontario in this last fiscal year. That has been the biggest problem across all the groups I have dealt with in this last fiscal year.

Let me go back to the question of energy. I met with the Ontario Mining Association about two months ago. We talked in general terms about some of the problems they could see coming. I asked them if they would submit to me some of their estimates in terms of the increased energy costs and what that would mean for them. I asked Pat Reid again when we were in Halifax in September if he would give that to us, and we do not have that information yet. I am quite prepared to take a look at what is happening and understand the impact, but I also need to receive the information and as yet that is still outstanding. I know the assistant deputy minister on the mines side has certainly made that request as well.

But I can say to you, in terms of competitiveness in this last fiscal year, the problems we have had are not problems you relate to in terms of the 1% a litre increase or the Hydro rates; it has certainly been a whole bunch of other factors that have been very difficult to deal with.

**Mr Brown:** We are looking for the future.

**The Chair:** I would like to move to Mr Turnbull now, if I may.

**Mr Turnbull:** Just to continue the question that was asked in the House today with respect to the proposed air service to Kenora, can you tell me what you consider was wrong with the present air service to Kenora and why a Dash-8 is needed?

**Hon Miss Martel:** Yes, I can. Currently we operate Twin Otters into Kenora. The Twin Otters are not pressurized. They do not have a hostess service. They do not have a washroom.

Very early on in my mandate, we were lobbied by the airport transportation commission in Kenora, along with a number of businesses, travel agencies, the mayor, the local member, and others to see whether or not we could put Dash-8 service into that community. It was certainly their feeling that there was a big enough population to support it, that it would help on the tourism side, and that instead of people driving to Winnipeg or Thunder Bay to catch a Dash-8, as they were doing, they would get on a Dash-8 if it was landing and moving in and out of Kenora.

At the time, in December, we looked at it and we did not have any extra planes at that point to put on, and I did not want to do it at that particular time because I was concerned there would be a number of other communities that may want service as well. We wrote back and told them no. That was the letter your leader referred to today.

The community came back to me. They lobbied us fiercely again and asked us to reconsider and asked us to look at their concerns, and we agreed to do that. We agreed to take a good review, take a good look at it and see what could be done.

We then entered into some discussions with the Ontario Northland Transportation Commission to see whether in fact there was a way we could provide Dash-8 service into Kenora, and in doing so, could we look at other communities



along our present routes that may be in need of additional service as well?

ONTC came back to me some months later with a plan to move into a number of communities, to double up, because in some communities we are already flying Dash-8s, but to provide more flights into those communities and to add on new communities. They said to me that clearly it was their feeling that, given the communities we would go into on the routes, we would be able to break even in the first year and make some money in the second. It was on that basis, that we would not be requiring a subsidy to move in and out of Kenora and the other locations along the route, that I agreed we should go ahead and run this.

**Mr Turnbull:** You suggest you were lobbied by the community. Is this the approved method, that lobbying from a community will get anything nowadays from your government?

**Hon Miss Martel:** You accuse us of not consulting; you accuse us of consulting and not listening to people. I guess I am big enough to admit that sometimes I have made a mistake. When the community representatives came to me, they said they thought I had made a mistake, that I had not looked at the situation seriously enough, that they had some good reasons why they thought a Dash-8 would work in the community. I agreed to review it. I do not make any apologies for that.

**Mr Turnbull:** You indicated in the press release when you announced a service that you have market research. We have not seen that market research. All you are telling us about is lobbying efforts.

**Hon Miss Martel:** I do not think that is the only thing I said. I said to you very clearly I asked ONTC, which runs the planes, to take a good, hard look at whether or not we could make any money. Based on the fact that we have been in the airline business for many years now in northern Ontario, I trust their judgement in terms of making important decisions about whether or not we can make money.

1620

**Mr Turnbull:** Three airlines have flown into there with large planes, two of them with Dash-8s, and they have lost money on that route and they have pulled out. There are two airplanes per day provided by norOntair and three by Bearskin Air, and their average load is seven passengers. How do you think a 37-passenger plane is miraculously going to pull this, when three other airlines have tried large airliners and they have failed and pulled out of that route?

**Hon Miss Martel:** There are two points. You would not have the rest of the routes that those planes might have been flying on. You are only talking about going in and out of Kenora. Our planes are not just going to go in and out of Kenora and on to Thunder Bay and stop, but they are going to travel a whole east-west pattern across the north which will pick up people all along the way, which is the route on which we feel can break even.

**Mr Turnbull:** And drive people out of business at the same time, private industry.

**Hon Miss Martel:** I think there are a couple of things you do not know. First of all—

**Mr Turnbull:** There are a lot of things I don't know. I don't know how you came up with this ridiculous document called Agenda for People.

**Hon Miss Martel:** Why don't you let me answer the question since you have raised it? First of all, Bearskin Air, which you are so concerned about in terms of being driven out of business, right now operates our norOntair planes on our behalf. In fact, they receive a very generous contract to do that.

**Mr Brown:** On a competitive basis.

**Mr Turnbull:** It is a short-term contract.

**Hon Miss Martel:** No, we just renewed it. I am going to ask Peter Dymont to come to the microphone, but there are a couple of other things I am going to say. The other thing, because you have expressed such a concern about this competitor, is that when we let that contract to Bearskin to fly our norOntair planes in and out of Kenora, its representatives also signed a contract which said very clearly they would not run Bearskin planes against the norOntair planes in and out of Kenora. They have been doing that in direct violation of a contract they signed with us for the last four years.

**Mr Turnbull:** You disapprove of private enterprise trying to make a living.

**Hon Miss Martel:** No. They have directly broken a contract they signed with us. That says something to me. I do not think that is quite correct. You may think it is appropriate, but I do not.

**Mr Turnbull:** I have to tell you that with seven passengers per plane, the only thing that makes any sense is a small plane, and it has been shown by private industry. I have yet to see any government in the western world, and definitely in the eastern world, which can make any money out of flying large machines into remote areas when private enterprise cannot manage to make any money. Are you guaranteeing that there will be no loss on this route?

**Hon Miss Martel:** We said very clearly to the community that we would give them a chance that Air Ontario did not. Air Ontario, for example, ran that plane in there for two months and then discontinued the service. They did not even give the community a chance to be sure that people would use the plane. When I made my announcement, I said very clearly that we would run this for 18 to 24 months. Because people in the community lobbied me and said they felt they would be able to pack those planes, we would give the community the benefit of the doubt during those two years and see whether they did fill the planes. I think that was an important decision.

**Mr Turnbull:** What is the mandate of norOntair?

**Hon Miss Martel:** The mandate of the ONTC, which runs norOntair along with our other buses, planes, trains and ferry services, is to provide safe and efficient transportation services in northern Ontario. We would do that in areas where the private sector as well has no interest in coming in.

**Mr Turnbull:** But the private sector has an interest in coming in.

**Hon Miss Martel:** No, it does not; that is the problem. Bearskin Air is very much aware of the fact that the community wanted Dash-8 service. It was no secret. It was made very clear in the community that they were lobbying us for Dash-8 service. The community also asked Bearskin about the possibility of their putting on a Dash-8 and Bearskin did not want to do that. That is their business.

The community came to us, after I had said no, and asked me to reconsider and to review the situation. I talked to the ONTC. We put down two routes we felt we could run without subsidy that would make money. We told the community we would give them the benefit of the doubt, that we would run the plane for 18 to 24 months and then it would be up to them to be sure we had done the right thing. We have given them the chance to do that.

**Mr Turnbull:** Two months before you agreed to this service, Bearskin put on contract new planes, 19-seaters which they felt were optimized to this route so they could give improved service but still come under the criterion that they did not need a flight attendant so they could keep their operating costs down. There is no way you can run a 37-seat plane as efficiently as a 19-seat plane. At the moment they are running 14-seat planes and they have seven seats occupied, on average, per flight.

It takes the most incredible leap of faith to believe that suddenly you are going to have all these extra bodies materialize. In the meantime, you are saying there is a contract with Bearskin Air. What is going to happen to the service people displaced as a result of running in competition with them?

**Hon Miss Martel:** They have been running in competition with us for four years directly in violation of a contract and I do not find that very appropriate, so I am not prepared to entertain the question that we are somehow doing something unfair to them. When I made my announcement in Thunder Bay, I made it very clear that in our discussions with Bearskin it had indicated that four to six pilots would be lost. I gave my commitment on that day that if that was the case we would hire those four to six pilots into our air service. Strangely enough, after—

**Mr Turnbull:** It is not just the pilots, it is the engineers.

**Hon Miss Martel:** I am not finished. The day after we were told that was the only loss we could expect, and told that by the owner of Bearskin himself, it then appeared in the paper that suddenly 25 people were going to be lost.

**Mr Turnbull:** That is what the employees believe.

**Hon Miss Martel:** It was directly contrary to what their owner had told us only a day before. The same day we made this announcement I also had staff from the Ontario Northland Transportation Commission who were meeting with Bearskin to outline the potential routes and to go through with them the details of my announcement. We were very surprised, frankly, to see a note of 25.

We have been meeting with Bearskin, and we will have a second meeting this Friday, to determine—

**Mr Turnbull:** What about the employees?

**Hon Miss Martel:** Let me finish—to determine what the actual loss will be. We have no evidence to date that the loss will be the 25 as Bearskin has tried to maintain in the paper. Peter Dymont is the director at ONTC. He has not been involved directly in the negotiations, but certainly staff have. At any point, Peter, if there is information you want to add, please feel free to jump in.

**Mr Dymont:** You are doing well.

**Mr Turnbull:** Minister, you said in the House you would meet with the employees.

**Hon Miss Martel:** Yes.

**Mr Turnbull:** We have here in the audience Paul Straiton, who is not here on behalf of the company. He went to great pains to tell us he is not here on behalf of the company. He is among a group of employees who are most concerned about losing their jobs. He is here with the indulgence of this committee. I suggest that perhaps we should ask him to the microphone, as well as your ministry official, so we can discuss this sensibly.

**Hon Miss Martel:** That is fine. You will know as well that we have a meeting with the employees in Thunder Bay on December 5. I thought I would get that on the record as well.

**The Chair:** I will treat that as a request. Does the minister have any objection?

**Hon Miss Martel:** No.

**The Chair:** Any objection from the committee? What is the gentleman's name?

**Mr Turnbull:** Paul Straiton.

**The Chair:** Mr Straiton, if you would like to come forward to the microphone, I believe the committee may wish to ask you one or two questions. I must indicate, Mr Turnbull, that he would be here to answer questions. He is not here to make a statement.

**Mr Turnbull:** I understand that. In the meantime, minister, my understanding is this—

**Mr Martin:** Before we get into this—

**The Chair:** Do you have a point of order?

**Mr Martin:** Yes, I do. My point of order, Mr Chair, is that I am wondering how this is going to proceed. Is Mr Turnbull going to go the next half hour or are his 10 minutes almost up? Do we get a shot at this? What is the process going to be?

**Mr Turnbull:** I would suggest—

**The Chair:** Excuse me, gentlemen. First of all, let's put our guest at ease. Mr Martin was not implying he wants to take a shot at you, sir. Mr Turnbull has 10 minutes remaining in his time allocation. With the indulgence of the committee, he has agreement to be asked some questions. So when Mr Turnbull has completed his round, then we will proceed to go in accordance with rotation. If you wish to interview the gentleman and he wishes to be interviewed, then we will continue. Please proceed, Mr Turnbull.

**Mr Turnbull:** Mr Straiton, in our meeting earlier today you expressed a concern and said you were speaking expressly on behalf of the employees and that it was not at the suggestion of your employer that you come here. You



have arrived at the number of 25 jobs estimated to be lost. Can you elaborate a little bit for the minister?

**Mr Straiton:** I can give you a rough estimation. I was chatting with the office in between the present session in the Legislature. They received a call from the television station in Thunder Bay to elaborate on that and they are putting that down on paper, so I am not going to give you any specific numbers unless I give you numbers different from what they say.

But just to give you an idea, there is more to operating an airline than just the pilots. There are people behind the scenes: maintenance people and aircraft maintenance engineers, ticket agents, reservations agents, baggage handlers, accounting people and salespeople. It takes a lot of people to keep an airline in the air. For example, we average one man-hour, if I can use that expression in this day and age, or person-hour, of maintenance for every hour the aircraft flies. If the aircraft flies for seven hours, it requires seven hours of maintenance. That is where these numbers come from.

**Mr Turnbull:** If your people had to do the maintenance on a Dash-8, are they trained and capable of doing that?

1630

**Mr Straiton:** No, they are not. Because of flight safety considerations, the Department of Transport requires every maintenance engineer to be licensed on specific types of aircraft. There are a lot of details involved with that and I do not know all of them. Essentially, in order to work on a Dash-8, you require a Dash-8 endorsement. My understanding is that requires a considerable amount of training and there is a considerable amount of cost involved.

**Mr Turnbull:** You commented earlier today with respect to the load the ministry is projecting and that it can make money on this run. Could you comment on that?

**Mr Straiton:** I will use my calculations. I am not an accounting person. I am not an expert in the financial aspect of the airlines. I took the present norOntair loads, the present Twin Otter loads, the present fares and the projected schedule of the Dash-8. The Thunder Bay-Kenora portion of the run is 248 miles one way. When you are in the airline business you have to look at the sector. It is the sector that makes or loses money; it is not the whole run. I do not have any cost figures on the Dash-8. I used another aircraft of a similar type. The figure is a guess. I estimated \$1 million to \$3 million a year is required to subsidize.

We are in the process of requesting specific information. Unfortunately, because I have to do my own job, I have to work on this and I have my personal life, we have not had the opportunity to dig up all those concrete figures. But we are working on it.

**Mr Turnbull:** Mr Straiton, how do you and the other employees feel about the idea of taxpayers' dollars being used to subsidize a competitor?

**Mr Straiton:** Quite simply, it is unfair. I feel I work hard for the company and for our customers. We try to have a customer service attitude. I have no objection to paying taxes. I feel there is a responsibility to keep the country running. But I think it is unfair when the tax dollars we pay come back and slap us in the face.

**Mr Turnbull:** In October 1991 you wrote that the Ministry of Northern Development is committed to helping entrepreneurs undertake new ideas which will translate into prosperity and growth for northern Ontario. I would like you to justify your decision of putting government dollars into this venture when there is a for-profit—that awful word to the New Democrats—airline which is viable at the moment. Why are you going to compete against it? Does this not undermine the whole idea of encouraging free enterprise?

**Hon Miss Martel:** You seem to forget that for the last four years Bearskin Air has competed directly against us in direct violation of a contract it signed with us with respect to the Twin Otter service. The Twin Otters norOntair flies in and out of Kenora are staffed and maintained by Bearskin employees. They do that on contract with us. When that contract was signed Bearskin agreed it would not run its flights in against ours because it had that contract already. They have been doing that for the last four years.

**Mr Turnbull:** What did you do about this, Minister?

**Hon Miss Martel:** There was enough room for both of us in that particular corridor, so we turned a blind eye. But I find it very strange that you would not consider that to be a little bit of a strange procedure or unfair, when in fact we have a contract with them that is generous, that meets all the needs, that allows all the employees to continue to work in and out of that corridor and in direct violation of that, it is okay for a private carrier to do whatever it wants. If that had been a government plane doing that, you would have gone crazy.

**Mr Turnbull:** I think it quite bizarre that governments are spending money putting services in when a private entrepreneur is prepared to take this on. How you can possibly justify this is beyond me, at a time when we have cuts in health care, we have education absolutely in a tailspin. Every single day we hear the cuts you are making, cuts that frankly we said you should have been making six months ago when the budget came in. Notwithstanding that, you are still charging ahead, spending taxpayers' dollars. I think it is a complete flight of fantasy that you are going to break even or make a profit.

I remind you that your own Premier said during the last election that David Peterson was a liar, and you have called the Conservatives today clowns. I hope you will remember that when you see what happens with this airline and see that it does not bring a profit in when three private airlines using Dash-8s have pulled out of there.

**Hon Miss Martel:** I remind you that of the three private airlines, the latest one that was in there went in and out in two months. In my opinion, and certainly in the opinion of the community members who came to see me about it, they did not give adequate chance for them even to show that the airline could be used properly. I would like to ask Peter Dyment to talk specifically about some of the layoffs and about the contract, because I think there is some information there that committee members should have as well.

**The Chair:** I am sure Mr Dyment would be very interesting, but this series of questioning has come to a conclusion and I am now moving to Mr Martin.

Are you finished with Mr Straiton?

**Mr Martin:** Yes.

**The Chair:** Thank you very much. I appreciate the indulgence of the committee.

**Mr Johnson:** Just one minute, Mr Chair. It may be that Mr Martin is finished with Mr Straiton but some other members of the caucus may—

**The Chair:** It is not my intention to have him sit there for the next hour.

**Mr Johnson:** Do we have the next hour, Mr Chair? I am happy to know that. I did not realize that.

**Mr Martin:** It is not really a very uncomfortable seat. If he wants to sit there, there may be a question that will come up in the process of my asking this question.

**The Chair:** We are stretching procedures here and I am giving wide latitude. If Mr Johnson has a question for Mr Straiton, then I would ask him to place it first.

**Mr Johnson:** Yes, as a matter of fact, I do have a question. I am glad to know Mr Straiton indicated that he is not an expert in some of the things he has commented on, but I would like to know just what exactly his job is.

**Mr Straiton:** First of all, let me tell you how I got here.

**The Chair:** By plane.

**Mr Straiton:** Yes, that is true.

Let me tell you how I got my job with the employee group, first of all. We were sitting in our meeting with 50 or 60 of the employees talking about this thing and who was going to come and represent the employees. My job with the company is sales representative, and because I deal with the public a lot, I guess they felt they would co-opt me into being in this position. Prior to that, my background was in dispatch, involving charter quotations and co-ordinating flights and numerous other tasks. I have also been involved with accounts receivable, bill collecting. I deal a lot with the native people in the north and have some knowledge of the Ojibway language.

**Mr Johnson:** What I want to know is, what is your job specifically with the airline? You said sales. Could you elaborate on that some, because I am not sure I understand exactly what you mean.

1640

**Mr Straiton:** Basically it is a public relations type of job and it involves dealing with problems that happen during the course of the day. It involves talking to customers, trying to drum up new business, and it involves having a number of crazy jobs thrown at you, such as, say—

**Mr Martin:** Lobbying the government.

**Mr Straiton:** No, such as setting up the mail contract to the native communities in the north.

Our company has a policy of being very open in terms of ideas from the employees. For example, one of the ideas I suggested to the company relates to your previous discussion about minority people working in jobs. We deal with a lot of native people, and I feel that our company should get more native people involved. This is something that has not been finalized, but I will give you the details as long as you guys do not tell everybody else.

**The Chair:** I am sorry. You are being recorded for more than posterity at this point. This is going on Hansard.

**Mr Straiton:** Okay, it is not a big deal. We are working—

**The Chair:** No, I am advising you for your own interests. When I hear that statement, as Chair I feel compelled to advise you this is a matter for the public record.

**Mr Johnson:** I think Mr Straiton has more or less answered the question I asked anyway. I want to thank him for coming here.

**The Chair:** We will allow him to finish, as we will anyone else who is before us, as long as it does not expire your time.

**Mr Straiton:** I would just like to say that the idea I put forward was, let's get some native people involved with our company more and more in terms of skilled technical jobs, such as pilots. We are working on a program whereby we can get something like that happening. I do not want to get into the details, but we are working on it. That was an idea that came from me. I said, "Let's try it," and they looked at it and said, "Okay." So the company has a policy of listening to what the employee says, and it is a very entrepreneurial attitude among the employees.

In this particular case it may appear to you that, because I am a sales person, I am here on behalf of the company, but I am not. I am here on my own accord. The fact that I am here and the fact that I am a salesperson just happens to coincide with the fact that salespeople tend to be the ones who talk. The mechanics, for example, know what they are doing with their hands. They are expert; I could not do it. But they do not like talking.

**The Chair:** On Mr Martin's interjection that you were a lobbyist, that is not true.

**Mr Straiton:** That is not true.

**The Chair:** I appreciate your correcting the record. Mr Martin will be advised to put that in the form of a question in the future. Any further questions?

**Mr Turnbull:** Perhaps the Liberals have a question.

**The Chair:** We will call him back, Mr Turnbull. Thank you very much.

**Mr Martin:** My question is for Mr Dymont. I would like Mr Dymont to talk to us a little bit about the decision that was made regarding the viability of putting a Dash-8 into Kenora and the information we received that it may in fact lose money the first year but will become a money-maker the second year and subsequent years.

**Mr Dymont:** We fly right now two planes a day from Kenora to Thunder Bay, two Twin Otters, two frequencies, and we fly them by virtue of a contract with Bearskin. We have Bearskin pilots in those aircraft. We are paying them to fly them and we are paying Bearskin to maintain them. We fly those things from Kenora to Thunder Bay twice a day and then we fly Dash-8s from Thunder Bay east to Sault Ste Marie, to Sudbury. If anybody has flown in the north in the last year or two, he will know that those Dash-8s from Thunder Bay east are full. I tried to go to Dryden last week and I had to sit in a jump seat. They are full, and those of us who fly in the north know they are full.



Kenora made a petition to add Dash-8s. They said to us, "Those Twin Otters you are flying are noisy, they smell, you cannot fly out of the weather and they are not pressurized." Therefore, people just will not fly in them, and I think they are right. We in northern Ontario are convinced that Twin Otters have seen their day. Knowing that our Dash-8s from Thunder Bay east were full, we added Kenora and Winnipeg to the route. So all we are doing is taking our Twin Otters out of Kenora and inserting Dash-8s on a route we are flying anyhow. We are not changing times, we are simply changing the aircraft and putting a larger aircraft in.

Kenora has said the larger aircraft will attract passengers, and I think the airline industry recognizes that a Dash-8 will do a better job in attracting passengers than a smaller aircraft without a flight attendant and without a washroom.

We are flying that route from Winnipeg to Kenora to Thunder Bay. We are moving the Twin Otters, and that is all we are doing. We are not flying any more flights. We are not flying any less flights. We are not flying flights at any different times. We are simply putting a different aircraft in there, which should attract an awful lot of passengers going east and coming west.

We know there is a lot of traffic from Kenora driving to Winnipeg. We know there are Ontario civil servants taking that route. This should encourage them to fly. We will have a nice connection, same plane, right through to the east.

**Mr Turnbull:** Great idea, encouraging civil servants to fly and spend our money.

**Hon Miss Martel:** You do not know much about the north, Mr Turnbull, because it is pretty hard to drive to Toronto from Kenora. If you want to take the trip and learn about the north—

**The Chair:** Please.

**Mr Wood:** Go up and visit Kapuskasing once and a while. Go and see Ramsay or go and see some of the other places. You will know what the north is all about.

**Mr Hayes:** Mr Chair, please get a grip.

**Mr Wood:** And you complain about being called a clown.

**The Chair:** I believe the minister was referring to everybody in the House.

**Mr Wood:** I don't think so.

**The Chair:** It is occurring here. I would like everybody please to respect—

**Mr Wood:** It is occurring as a result of your partner.

**The Chair:** Mr Wood—

**Mr Wood:** Comments that he made, exactly.

**The Chair:** Mr Wood, are you prepared to shut up, please? I have asked you to come to order.

**Mr Hayes:** "Come to order" would be better than to say "Shut up."

**The Chair:** No, I have called order once. Pat, you are aware of that. Thank you. Please proceed.

**Mr Dymont:** We are simply adding Dash-8 aircraft in the north Thunder Bay cross section where Twin Otters are existing. We are leasing two aircraft in order to do this. We are leasing them for a two-year period so that we can assess

the results of this additional flying. We are convinced the entire route is a commercial route and that we will not be burden on the taxpayer, that those Dash-8 aircraft will not be parasitic on the subsidized northern Ontario network.

We have further gone to Bearskin and said, "As a result of the changes in the Twin Otter contract, this is going to displace some pilots and some maintenance people, and we will cover their jobs." We will hire whoever is displaced, because we have to hire something like 31 people to fly these two planes. We have to hire more than one would have to fly the smaller planes because we have flight attendant considerations to make.

We have gone to them and said, "We will offer jobs to the people that we have displaced." Bearskin has said, "You are going to displace a lot more people than you think," and we have gone back to Bearskin and said: "Fine, give us the detail. We will negotiate an arrangement to accommodate those people as well."

We have had one meeting with Bearskin. We have another one scheduled for this coming Friday. I believe that is the day after tomorrow—we lose track of time in the north sometimes too. The objective will be to accommodate anything that Bearskin has advised us is legitimate in terms of job loss. Now, if Bearskin is going to tell us that there is somebody up in Pikangikum who is going to lose a sales job, we are going to say, "That has nothing to do with what we are doing." We want to sort the chaff from the wheat, and we have made a commitment to accommodate job loss.

The net result should be that the north will be better served with air transport. Kenora will have a modern, contemporary aircraft to advertise. NorOntair will be indifferent financially to this additional flying. The net job impact in northern Ontario should be an increase in jobs, and we are convinced that this is a good move.

Interjection.

**The Chair:** Please wait for the gentleman to finish, Mr Turnbull.

**Mr Turnbull:** What he has just said about sorting the chaff from the wheat, is this the government policy?

**The Chair:** Mr Turnbull, I have not in two years named a member of this committee, so I will ask you, if you have a point of clarification, to put it in one sentence, but have the courtesy of allowing the deputant to at least finish his commentary.

**Mr Dymont:** We have one difficulty in this entire interaction, and that is that the Bearskin employees perhaps are not as fully informed as we in northern Ontario would like them to be about what is happening, and we do not have the vehicle to talk to Bearskin employees. They do not work for us and we cannot go to another employer's employees and say: "Look, this is what we want to talk about. This is what we want to discuss." At some point before the end of the year, we may have to do that. We may have to override Bearskin and talk to Bearskin's employees.

In the meantime, we are trying, through their employer, to assure them the job loss in northeastern and northwestern Ontario is extremely important to us and to the ministry. That is the focus of all our interaction right now: trying to preserve jobs, as a matter of fact trying to increase the

number of jobs, in the north. I do not know how the Ontario Northland Transportation Commission can get that message to the employees through their employer. We are having difficulty.

1650

**Mr Martin:** I appreciate that clarification and the fact that you have taken time out of your schedule to be here today to answer questions and to speak to us about Ontario Northland. Transportation for those of us who live in the north is a big issue, probably one of the biggest as we look at developing an economic base on what we have and as we look into the future and see the turmoil coming as the base upon which we do business changes in a world that is changing rapidly.

We have seen in our communities the effect of the federal government's deregulation, for example, in Sault Ste Marie the cutback in services we used to expect as normal. Oft-times we feel like second class citizens because of the type of service we are offered under the guise of the free market system. I want you for a few minutes to share with us, if you could, some of the plans Ontario Northland has for the north re its infrastructure and transportation network as we move into the next century in a way that speaks to some hope and quality of life for those who work up there.

**Mr Dymont:** I will try briefly. We are in the transportation business. We have trucks, buses, boats, planes and trains. We learned early in the century that communication in the north was incomplete with just those transportation mediums and we had to get into the telecommunications business as well. We recognize we are in the communications business. We are linking the communities together and we are linking all those communities to the world. We are using trucks, buses, boats, planes and the telephone company to do that.

One of the realisms of the 19th century in the north, especially northeastern Ontario, is that there were three ingredients that caused the north to grow: the land itself, the settlers and Ontario Northland. When those three ingredients were put together, the north moved north of North Bay. We are as well, with the minister's urging, revisiting that particular element of our being in developing the north, being a catalyst in the north and doing things in the north that will show confidence in the north and help change the attitude from one of depression to one of more comfort living in this country. We are doing that by using our assets, building buildings and spurring development.

We are in the transportation business and we want to remain contemporary in the transportation business. We want to keep our rates equal to or less than the rates prevalent elsewhere. We want to show confidence in the north by being a good corporate citizen and putting physical things out there that make people realize there is somebody up here spending money who has confidence in this part of the country. Every dollar we generate is spent in northern Ontario. That in rough terms is our mandate.

**Mr Martin:** In terms of how you decide what you will do and where you will become involved, in the Kenora decision for example, you listened to the people of

Kenora as they spoke to you about the possibility of developing a tourist industry if they had proper air service into that community. What networks do you use in the north to listen to and to communicate with the people who live up there in order to ascertain what you should do next?

**Mr Dymont:** We have the day-to-day experience of running transportation businesses where we are directly interacting with the people we serve. We also meet regularly with mayors, reeves, chambers of commerce in the case of the air business and travel agents. There are a variety of elements to our network. We like to keep in touch with the members of the north who represent the constituencies. Being such a vast country it is difficult to have face-to-face interaction, but that is what we attempt. For instance, I am going to spend the next two days in Moosonee and Moose Factory dealing with the boards of trade and the local municipal authorities to try to get the feel for how Ontario Northland is doing.

**The Chair:** I believe the minister wanted to make a brief comment.

**Hon Miss Martel:** Actually I was just following up on some of the assets you had talked about. Tony will not know this but we will be opening later on this month in Kirkland Lake which is an area—I see the member here—that has really had some severe problems and is depressed. Through ONTC we had the initiative to go in there and develop a bus terminal with a very nice restaurant in the hope of attracting service, having a very nice place for people who come to the community and increasing tourism.

We were pleased earlier this summer in Cochrane to open the new train station/hotel accommodation that ONTC put into place, in the same way to try to develop the tourist trade for people who are using the train to go up to Moosonee so that they have a very nice facility to stay in at night. They are making their presence felt in some of the areas that are the most economically depressed at this point in time in a way I do not see the private sector doing.

**Mr Turnbull:** I have a question for clarification that is directed to the minister with respect to the statement made that she will be sorting the wheat from the chaff and that she is making the assumption that in some way somebody who is a salesperson who has dared to speak out against the government—

**Hon Miss Martel:** That is not what was said, Mr Turnbull.

**Mr Turnbull:** Would you clarify what is the wheat and what is the chaff?

**Hon Miss Martel:** Mr Dymont said very clearly we were in negotiations right now with the president of Bearskin Air. We are trying to sort out which jobs will legitimately be lost because of this route and which jobs he may or may not suggest will be lost. It has nothing to do with this route or us putting a Dash-8 in there. We have on several occasions, because he has said publicly the airline will lose 20 to 25 jobs, asked him to give us evidence of that. We are waiting to get that. We hope this matter will be sorted out this Friday.

We are very interested and have said publicly we will accommodate those people who do lose their jobs directly



because of our activity. We are not interested, though, in having other employees who have nothing to do with what we are doing suddenly looking to us to employ them. That is the difference.

**The Chair:** Mr Turnbull, you have your clarification and the committee has been kind enough to grant it. I now recognize Mr Ramsay.

**Mr Ramsay:** I will introduce a new subject, but I welcome Mr Dymont's presence and I might ask a couple of questions on ONTC transportation in the north before I get into that subject, if that is okay with the committee.

Mr Dymont, you mentioned in the responses to previous questions that possibly the Twin Otter planes had outlived their usefulness—I am not sure that is a direct quote—and that people in the north are wanting a more comfortable plane. I am certainly one who used to use them quite a bit, but for other reasons I tend to go to North Bay now by automobile. I was on the flight yesterday. I started off in Fort Frances and went to Atikokan and Thunder Bay. It still provides a very good service.

What do you think of the future of that type of aircraft where we have lines such as that which, say in my area of Kirkland Lake, may increase later on but which today are serviced well by a Twin Otter and that size aircraft? What might be the replacement? Are there any plans for replacing that aircraft with similar size aircraft that could fly above the weather, etc, and provide more comfortable flights?

**Mr Dymont:** We are looking at that; we have been looking at it for about a year and a half. We now have six Twin Otters and one smaller Navaho aircraft in service. The Twin Otters are 19-seaters and the Navaho is a 6- or 7-seater, depending on weight. We think for the entire north—I am going across all northern Ontario now—we probably need the same number of aircraft, about seven, but we probably need three or four 19-seaters and four or three 12-seaters. That is what we are looking at. We have pursued a number of aircraft that are available, favouring the North American market first. We have not decided on a replacement. When we decide on a replacement—all these Twin Otters are flying in subsidized services—we have to talk to the ministry and get it very involved in the decision.

1700

**Mr Ramsay:** Is it due to surveys and/or is it your information that we might have more use of aircraft through the ONTC on these routes if we had aircraft that provided more comfortable flights, ie, could fly above the weather? Do you think that is a factor?

**Mr Dymont:** We think it is a very important factor. We do receive a lot of complaints about the Twin Otters bouncing around. We know there is an altitude limit with the Twin Otters and we have some information that suggests people will not fly because of that.

The other thing is that even though people think aircraft are fast the Twin Otter is a slow aircraft and especially in your part of the country a lot of people will drive because of our speed.

**Mr Ramsay:** Yes, I can vouch for that myself. I will not get into that. I can give it a fair run for its money. Mind you, that aircraft is flying in a straight line. I think it is

absolutely amazing the challenge I can present. We will not get into that.

Mr Dymont, on transportation, I was wondering if you could update us as to whether there is any potential need for an increase in service to Kirkland Lake with the arrival of the federal Department of Veterans Affairs, and is there going to be the possibility we might require larger aircraft for that route in the future?

**Mr Dymont:** A new Dash-8 would extend the flying from North Bay through to Ottawa, which is part of the new routing. It was brought about simply because of information given to us by DVA. They gave us load factors and other information which suggested the existing service out of Kirkland to Ottawa would not be adequate. So we beefed up the cross-section from North Bay to Ottawa and will have to monitor very closely how we make out from North Bay to Kirkland Lake. Definitely the new Dash-8 decision was predicated in part upon DVA numbers.

**Mr Ramsay:** Might it be possible that some of the feeder routes such as Kirkland-Earleton-North Bay might be better serviced with some of these smaller aircraft you are talking about and we might get more frequency of flights?

**Mr Dymont:** Exactly.

**Mr Ramsay:** That is the reason I do not fly it any more, the lack of frequency. If I do not get up there in time in the evening for that one flight that is going to get me home, then I am stuck; therefore having a car there makes it more convenient. As you know, we are very well serviced now by the private sector from Toronto, southern Ontario to North Bay, Sudbury, etc. If that was a possibility we might increase usage also.

**Mr Dymont:** To us that is the answer: probably a 12-seater four times a day or a 19-seater twice a day.

**Mr Ramsay:** Minister, I came in here today because a member of the Tory caucus represented my riding today in the House. I appreciated when Mr Cousens asked you the question in the House today about the Adams mine waste proposal. I was very interested in the results of the referendum that was held during the municipal elections in Kirkland Lake where the people were asked whether the town should pursue having an environmental assessment done on that project. I have been asked my opinion on that project for a couple of years now since its inception. That has been exactly my position. I am not an environmental expert and I certainly do not know whether this project is environmentally sustainable, but the idea of this proposal will never go away until we prove that out one way or another.

Because you have been in my riding you know the desperate straits we are in. You know the tremendous loss the closures of the Adams and Sherman mines have caused not only to my area but all the way up and down the line, and to the ONTC in regard to the rail service it provided the mine back and forth bringing in supplies and taking out raw product. I have the Hansard where your response to the supplementary was, "We all have different ideas of development." I appreciate that but we are in such a desperate situation that I would really beg you today to at least consider dealing with this thing once and for all.

If we had an environmental assessment and it proved not to be environmentally sustainable, then I certainly would never ask you to look at this thing again because I certainly do not want any project anywhere in this province that is not sustainable environmentally. But certainly I think we have to be open to any type of development that the north could gain.

Two municipalities in this province, Toronto and Kirkland Lake, feel this solves a problem for them both. I would really ask you to work within your government to give this consideration, and without any commitment to the project itself, at least to look at an environmental assessment.

**Hon Miss Martel:** I will respond to the member in the same way I did earlier this afternoon. I have met with the mayor on several occasions, both in Kirkland Lake and here, to discuss a number of items, and this came up each time. I have made it very clear to him that not only in government but in opposition, when a similar matter was raised by the then member for Sault Ste Marie, I spoke very much against the proposal.

I did not want to see garbage from the greater Toronto area or Toronto brought into northern Ontario for two reasons. First, it created an out of sight, out of mind attitude, and second, it did nothing to force particularly the people in southern Ontario to deal with what is becoming a very severe garbage crisis. So I have been opposed to the transportation of garbage to northern Ontario for some time now.

I said very clearly to the mayor that it would be an issue on which we would have to agree to disagree, because I was not prepared, either as Minister of Northern Development and Mines or as a member of this caucus and cabinet, to work to reverse a decision the whole cabinet has come to. Very clearly, in April of this year, the Minister of the Environment said that an environmental assessment in order to move garbage anywhere into northern Ontario would not be undertaken but that the GTA had to look after its garbage within the boundaries of the GTA. It is a position I support. I know it makes me unpopular in various sections of the north. I know how unhappy the mayor is with that decision, but I have said to him on many occasions that this is my position and it has not changed.

**Mr Ramsay:** I am wondering if we could look at another proposal. One of the ideas I felt flowed from this proposal was that it might have given northeastern Ontario an opportunity to get into recycling. As you know from the density of the population in our area, it is very doubtful whether we can get into some sort of viable recycling. It seemed to me that the Adams mine proposal, primarily planned for GTA waste, would have given an opportunity for any municipality along the line between Toronto and the Adams mine site to also avail itself of that facility. It would not only be the municipalities I represent in Timiskaming, but North Bay is having trouble right now with finding locations, as are many municipalities, and potentially others, like Barrie and Orillia, and possibly even ones north of us. This site could be an Ontario recycling centre not just for the GTA but for other municipalities.

If the proposal was brought forward in another light, because you have this ideological opinion about GTA

garbage, that the GTA has to find a place within its own limits to take care of its garbage, is that just for the GTA or does that mean every municipality everywhere has to do this? It seems to me that recycling needs some sort of economies of scale to be really viable. It might be an opportunity for places other than Toronto which do not have that scale to avail themselves of a facility that could really make efficient recycling possible. What would be the opinion on looking at another proposal that looked at the same site but was servicing other centres to see if it is viable? On this one, you would have to start with a feasibility study to see if it is viable and then go into an environmental assessment to see if the site could handle it.

**Hon Miss Martel:** We have had that suggested to us on several occasions by the proponents of the site at Adams mine. My concern is that any new proposal will still have creeping into it the matter of dealing with garbage out of the GTA and far beyond the boundaries of a municipality or a region, where I feel garbage should be dealt with, certainly in the case of southern Ontario garbage.

We did say when we introduced the strategic consultation and Action Now North program several weeks ago that the question of the 3Rs was particularly important in northern Ontario and that we wanted to have a series of roundtables or discussions on looking at recycling in the north, particularly communities that are having trouble getting blue boxes into place, and see what we could do about that. We are very much interested in having discussions about recycling in the north.

My only concern is that in trying to do that we will have creep into it somewhere yet another proposal that deals with GTA garbage. I made it very clear when I announced that we would do that particular roundtable looking at recycling in northern Ontario that even under that rubric I would not entertain a proposal that looked at transporting garbage from south to north. I want to make it very clear that a proposal might come under another name and another guise, but I am always a little suspicious about looking at it a little more carefully, because inevitably there is a portion in there where it looks at garbage not only through northern communities but starting somewhere in the south, and that I cannot agree to.

1710

**Mr Ramsay:** Would you consider commencing a feasibility study that considered the transporting of garbage within northeastern Ontario to a site? Hopefully it would be in my riding, in Kirkland Lake, speaking on behalf of my riding today, and obviously it would be on a much smaller scale. Do you have anything against the transportation of waste within northeastern Ontario or within northern Ontario as a whole so that we could look at the feasibility of a project that might have the scale to be viable?

**Hon Miss Martel:** Part of the reason I announced having a specific group look strictly at recycling and having not only municipalities but a number of other people who would have an interest participate at that table to deal with these particular questions is that I would not want to use a separate forum from the one I have already announced. I think the one I announced will allow for good public



discussion and debate on this question. So I would continue to say that at this point we would like to use SCAN North and the environment committee, so to speak, we have established under that to look at the questions of recycling. Again, though, I would not entertain under that a proposal that would look at transportation of garbage from south to north.

**Mr Ramsay:** I appreciate that. The reason I am asking this is that there is no point—I like your idea, as a matter of fact, of SCAN North in these committees, and I am glad you have one that is going to look at recycling in northern Ontario. Having a schizoid existence of living half my life in the south and half in the north, I feel really strange when I get home and I have to throw a pop can into the garbage. I just feel very strange about that, because I have adopted the culture we have in southern Ontario of recycling, and I know northerners really want to begin recycling.

But there is no point in your committee looking at the feasibility of larger recycling centres if you would have the same, as I said before, narrow view that you cannot transport any sort of waste at all. Just to get it clear, what you are against is south to north, but can we have transportation of waste within the north so that we could have a centre of greater scale that might make it feasible? Why I am saying this is I do not think that in many of the small towns we have recycling is going to be feasible.

**Hon Miss Martel:** I do not know what the economies of scale are right now, and that was part of our purpose in trying to get this particular work up and running. I have a good sense in terms of the communities we fund with blue box programs who is and who is not participating at this point. There are a whole bunch of others. I want to investigate the reasons why they cannot get started, to find out if it is a question solely of not having enough capital to start or not having a centre to move stuff to. That was part of the reason.

My opposition is to moving outside of the GTA and transporting southern garbage to northern Ontario. If we could look at what the economies of scale are and what we are dealing with in northern Ontario, I am open to have a broad discussion about northern Ontario. What I am not open to, though, is talking about movement of garbage from south to north.

**Mr Ramsay:** So I take it you would not be against the transportation of wastes, say, from North Bay to Kirkland Lake?

**Hon Miss Martel:** No, but I would like to have a look at what that entails. I do not know what it entails to move that garbage: how much there is, what people would want, to move it where, who would be involved, who is involved now in blue box, where is that material going? I do not have enough questions answered to know what kind of transportation links I may or may not want to see established in northern Ontario as well. What I said, though, is that we are open to have that discussion. We are open to have people come and say their piece and to look at the possibilities. I am not open to revisiting a second kick at the can for the Notre Development Corp proposal.

**Mr Ramsay:** In regard to GTA. But you would be open to any type of discussion of recycling within northern Ontario.

**Hon Miss Martel:** I would be open to that discussion. The groups we are bringing in are cutting across a number of municipalities that have a concern about garbage. There are also people from Pollution Probe, etc, so I think it will be a very avid discussion about this matter.

**Mr Brown:** I am interested in health care issues in northern Ontario, and I think in the past couple of days we have explored the medical specialist area rather well. Right now I am more interested in the health care system, which I think is in grave danger throughout northern Ontario. Speaking as a local member, I know that in my particular riding we are very concerned about the events that are happening with the nursing homes, with the events regarding the hospitals and home care and the whole provision of health care to northerners in a manner they have become accustomed to.

At Manitoulin Health Centre, for example, we have had 20 layoffs, or are about to—at least 20 losses of jobs, not necessarily layoffs. We have lost five from the nursing home in Gore Bay, we are losing some at St Joseph's General Hospital in Elliot Lake, and the Espanola situation I am not sure of but I know they are in a deficit position and they are going to be having some difficulties.

My concern is, how are we going to maintain the level of service we have today for our people over the distances they have to travel, given the rather onerous events, I would say, and announcements by the Minister of Health over the last period regarding hospital budgets, nursing home budgets, etc?

**Hon Miss Martel:** I would argue with the member that it is not particularly a northern, southern, eastern or western problem. The minister has said very clearly that hospitals across the province are going to be expected to deal within the funding we can provide them. She has also said very clearly in the House that as we look at individual hospitals, she is prepared to deal with those on an individual basis to determine what their needs are. I think that is the approach we are going to have to have, hospital by hospital, regardless of where it is located in Ontario.

**Mr Brown:** Would the minister not agree, however, that there are some differences in the provision of health care in northern Ontario, that in fact at this present time we do not receive the same service in many areas as we do in southern Ontario due to a lack of professionals, not necessarily medical doctors but physiotherapists, audiologists and a number of other related professions? It seems to me that when we are behind to begin with, we have to be very careful that the ministry, as it cuts back across the board, understands the difference, that we are in a situation even right now where health care is not being provided at a level that is equivalent to what you might get in Toronto.

**Hon Miss Martel:** But you are talking about hospitals and funding to them and the recent series of questions the minister has experienced on the one hand, and on the other hand, the lack of professionals in northern Ontario.

**Mr Brown:** It is clearly related.

**Hon Miss Martel:** I would argue that there is a whole question of incentives we continue to provide as well out of our ministry to try to attract and retain all these particular people. I would argue that in some cases their reluctance to come would go beyond the question of the facility itself to a whole question of not being attuned to or not liking the distances that might have to be travelled, not liking the climate, a feeling of isolation from professionals, which may make people not want to come north, etc, which I think is a bit of a separate issue from the question of one or the other hospital being in a deficit position.

**Mr Brown:** The issues are related. If a hospital cannot fund a physiotherapist within its budget and its budget is not going to be expanded, we are not going to have a physiotherapist. I mean, it is that easy.

I will be specific and just ask, what new initiatives do you have to bring health care professionals to the north that were not previously in place or the policy of the former government? What have you done that is new? I am not talking about the residency program, because—

**Hon Miss Martel:** Because it was announced in the election and we funded it.

1720

**Mr Brown:** No, it was announced before the election.

**Hon Miss Martel:** Oh, Mike, it was announced in July. Come on. It was not announced before, it was announced during the election campaign.

**The Chair:** I would love to hear this debate but we are about at the end of your time, Mr Brown. And what I would like to suggest to you is that since we are at the end of your rotation, I would give you two minutes to offer up your summary comments for your estimates and your participation in them and any final word you wish to make on the record.

**Mr Brown:** I appreciate that, Mr Chair.

**The Chair:** Please proceed.

**Mr Brown:** I first would like to commend the minister and her staff for appearing here. I think we have learned a great deal and that the information provided to us was excellent. Having said that, I must say that I am very disturbed by what is going on in northern Ontario and the lack of direction of government policy in northern Ontario to deal with the very real problems that we have. The answer that we are in a recession and cannot do anything about it because we have no money is not going to fly.

Your party made very specific promises to northern Ontario in the election, and in the document, the famous Agenda for People, they made the comment, "We are in a recession." This was not news to your party. It is part of the Agenda for People. It is part of the document. It presumes, and the electorate had every right to presume, that the government would continue with these policies whether we were in a recession or not. It is part of the document. We are most disappointed that this government is doing less rather than more. We feel we are not going to come out of this recession in the same kind of shape as the rest of the province.

I know my time is limited, Mr Chair. I have some further questions to table with the committee that, because of lack of time, we have not been able to ask, and I will just do that.

**The Chair:** I appreciate that. I will not read them into the record. We have the prior agreement of the deputy and the minister to give you written responses and they will be circulated to all members of the committee.

**Mr Turnbull:** Minister, at a district of Parry Sound municipal association meeting held on September 13 of this year, the parliamentary assistant to the Minister of Transportation said that it was unrealistic to expect that Highway 69 be four-laned from Waubesa to Sudbury in the near future. Could you comment on that?

**Hon Miss Martel:** I would have to ask the ministry staff who are here if they can give me some indication of what the current projections are for when that would be four-laned. Certainly, when I met the municipal association, the question they raised with me was whether there was funding. They have started on that particular route. I would ask Don if he can give the committee members an idea of the schedule in that particular area now.

**Mr Moorhouse:** The question as I understand it concerns Highway 69 from Waubesa to Sudbury. The plans of the Ministry of Transportation are to proceed northerly from the work that they are doing right now in the vicinity of Muskoka Road 5. They intend to proceed basically one contract at a time in a northerly direction. Again, that depends on funding that they are able to allocate to the project. When they reach MacTier, it is this ministry's intention to continue with those plans. At the present time we have asked the Ministry of Transportation to do the necessary planning and design work to be ready for those projects. Any individual projects such as that may take, MTO tells us, as long as eight years before you can start construction.

At the same time we have advised them of our interest in starting a similar program heading south from Sudbury and we are presently in the process of trying to finalize the actual arrangements and start the planning process there. Again, they are limited by resources and staff to allocate to that, but that is what our intentions are.

**Mr Turnbull:** In the same vein, Highway 11 between Powassan and Trout Creek is estimated to reach its traffic limit some time before 1995, and yet we are told that construction will not begin on the four-laning of this until 1996 or 1997. Could you comment on that?

**Hon Miss Martel:** Again, in all cases, if you are asking whether we can accelerate funding to deal with what looks to be increased traffic volumes sooner rather than later, and get that project on stream earlier, I suspect it is not only a question of money but of engineering. I also do not know if the environmental assessment has been done on that particular section of road yet. I do not know if there are any intervenors, either by the municipality or by anyone else who might be opposed. Whether it can be accelerated depends not only on funds but on all those other questions, and they would all have to be looked at before we could give any idea as to whether it could be accelerated.



Don, you might have some further information that you would want to add.

**Mr Moorhouse:** The first project south of Callander is in the final stages. With an appropriate allocation of funds, there is every intention to try to proceed with that one in the next year.

**Mr Turnbull:** Let me then phrase it in these terms: What is the present budget this year for four-laning the Trans-Canada Highway, the northern section?

**Mr Moorhouse:** We do not separate the budget into different highway classes. There is a northern highways budget, if that is what your question is, and I assume if I went through the list I could come up with a number of dollars.

**Mr Turnbull:** I am sure you must have an approximate idea in your mind.

**Mr Moorehouse:** For this year?

**Mr Turnbull:** Yes.

**Mr Moorhouse:** As I answered an earlier question, the only project that was a four-laning project in this year's budget was the three or four kilometres at Nobel which I understand was around \$3.5 million.

**Mr Turnbull:** And what is in the budget for next year for the four-laning?

**Hon Miss Martel:** The budget for next year has not been set yet. All of the ministries will have to go before Treasury Board, through the estimates process, to determine what their allocations will be.

**Mr Turnbull:** Minister, I just want to remind you, in this An Agenda for People document, of a comment:

"Long stretches of the Trans-Canada through the north are nothing less than a disgrace: two lanes, busy with trucks, suffering from poor maintenance, and unsafe.

"Ontario must undertake negotiations with Ottawa to proceed with the four-laning of the Trans-Canada across the north to improve this vital transportation corridor. The cost to the taxpayer would depend on the federal government's willingness to share its responsibility for this major east-west road link.

"New Democrats would make \$100 million available for this important project."

So we are saying \$3.5 million was made available this year, as compared with your campaign promise of \$100 million for this important project?

**Hon Miss Martel:** There is other work that went on on northern highways. It would not have to have been four-laning. We advanced the work at Parry Sound in order to provide security, because there had been a number of accidents, and we responded this year to a safety problem in that area.

**Mr Turnbull:** I am reading specifically under the section of An Agenda for People which says, "Four-laning the Trans-Canada Highway," and I will repeat the wording: "New Democrats would make \$100 million a year available for this important project."

**Hon Miss Martel:** And as I responded to the member for Parry Sound yesterday when he asked me both about

this and about the \$400-million commitment over two years in northern Ontario, I stated very specifically to him that in this fiscal year we went well above the \$200 million we had promised in terms of the \$400-million package over two years. We did not proceed to the \$100 million as outlined in An Agenda for People. I expect that every one around the table, recognizing the fiscal restraints we are under, would recognize that we made some specific decisions with respect to schools, education, hospital care, and economic development in a lot of the communities I represent. Clearly, we did not have the funds to put aside to do that. I expect we will not have the funds to put aside for that next year either.

**Mr Turnbull:** So this year we spent 3.5% of what you said you were going to spend. Is this your commitment to northern Ontario, Minister?

**Hon Miss Martel:** I think my commitment to northern Ontario has been well demonstrated over the last year. We have brought \$210 million into the north in terms of anti-recession funding, a \$15-million package into Elliot Lake, a \$15-million sawmill adjustment fund, a further \$250-million package in Elliot Lake, a package in Kapuskasing to save well over 800 jobs in that community, and a series of new initiatives—Nortop, the marketplace program and others—in order to stimulate investment and help with job creation and job maintenance. We also spent \$62 million this year out of the northern Ontario heritage fund. So I think my commitment to northern Ontario has been well demonstrated in the last year, and is a very secure and sound one.

**Mr Turnbull:** In view of that, Minister, are you saying that you have abandoned your four-laning promise of \$100 million a year, since you have spent it in these other areas?

1730

**Hon Miss Martel:** Well, if you think the four-laning is more important than the \$230 million we put into small communities over the last year in order to maintain the infrastructure, then we could argue about that.

**Mr Turnbull:** Minister, I am quoting from your document.

**Hon Miss Martel:** We have made it very clear that in this time of fiscal restraint we were not going to be able to carry out this year all of the projects we had committed to, or all of the promises we have made. I certainly hope that as the economic times improve in this province, we will be able to live up to the commitments we have made. But we have a series of very difficult choices in front of us with respect to health care, with respect to education, with respect to economic development.

**Mr Turnbull:** Minister, you knew you would have difficult choices when you went into the election.

**Hon Miss Martel:** We have made some tough decisions, but I certainly think the decisions we have made are to the benefit of the people in northern Ontario. We have responded directly in many communities across the north this winter with job creation projects which have allowed local people to work and allowed for the purchase of local goods and services. I think the work we did in the north

this year was very tremendous. The feds were nowhere to be found. It is very unfortunate.

**Mr Turnbull:** Well, Minister, I have to tell you, I think that the people of northern Ontario are very disappointed with this government.

**Hon Miss Martel:** I think you are wrong.

**Mr Wood:** They are disappointed in Brian Mulroney and the Tories.

**The Chair:** Mr Wood, you are pressing your luck with me today. You are. One more time, and I will name you.

**Mr Turnbull:** The concern I have is that these were commitments made during the election in the full knowledge that we were in a recession. Admittedly, you did not know we were in as deep a recession as we are in. I certainly recognize that you took over a difficult situation. But nevertheless I am asking you, with respect to promises you made to northern Ontario in the election, why are you spending only 3.5% of what you promised for what you said was an important project?

**Hon Miss Martel:** And it remains an important project. What I am saying to you is that, given the fiscal restraints we are facing, it was not only a question of us coming in when the recession was starting. It was us also coming in, having been told by the former government not only that we had a balanced budget but a surplus in the budget. Six weeks after, we had a \$2.5-billion shortfall. So that was a bit of a surprise, and certainly something we knew nothing about during the election campaign, nor did the electorate.

I am saying to you that during this time, we have to make tough decisions about what we can or cannot do and what is in the best interests of the people we represent. Certainly, we have made some tough choices about where we can accelerate some of the work or where we have to hold the line or where we want to put our money. I think the decision by the government, in the throne speech, to put \$700 million into the province this year in order to start to stimulate the economy, in the hope that the private sector would come on board and start building as well in what is the worst recession this province has ever faced, was a good decision for us to make.

**Mr Turnbull:** So, Minister, your priority would be to put in large planes to an area which typically has seven passengers per flight and knock out of business a private carrier who was making a profit, while at the same time you cannot find enough funds for your election promises to put roads in so that the people of the north can enjoy better transportation? I find great difficulty with that.

**Hon Miss Martel:** I am very interested in your comment "knock out of business," because what we are talking about is two flights in and out of Kenora every day. It will not knock Bearskin Air out of business in northern Ontario by any stretch. They still continue to maintain a contract we have with them running some of our planes in and out of Kenora.

Second, let me say that the member obviously does not understand how important air service is in the north either—

**Mr Turnbull:** I certainly do, Minister.

**Hon Miss Martel:** —because we will continue to maintain the road work we have. We will not be able to accelerate it, but we continue to maintain the road work as outlined by a five-year plan developed in conjunction with ourselves and the Ministry of Transportation. But this particular community, and others, certainly have a great need for air service as well.

**Mr Turnbull:** They have air service.

**Hon Miss Martel:** The private sector in that community did not want to respond by putting on a Dash-8, in spite of the fact that the local people had said very clearly that they did not like the Twin Otters. They did not like the fact that they were not pressurized, had no stewardess, had no bathroom. The people were driving to Thunder Bay and to Winnipeg in order to avoid getting on to the Twin Otters. We responded to that community. I know you do not like it that we did that, but I am pleased we did.

**Mr Turnbull:** Minister, your plane was not pressurized, but the other airline had some pressurized planes which they put on periodically—not every flight was pressurized—and they had ordered a 19-seat, pressurized turbo-prop for service on that route two months before you made the announcement.

**Hon Miss Martel:** Without a washroom, is my understanding, and without a stewardess, which were three of the components that we were asked to deal directly with in terms of the Dash-8.

**Mr Turnbull:** Minister, I am going to tell you, there are people who spend as much time on the subway as on the hop that flight without a toilet does. As well as that, stewardesses are giving out free booze, to my knowledge, on your airline. This is subsidized by taxpayers' dollars. They are giving out free booze, free wine and beer.

**Hon Miss Martel:** Nothing is free, my friend. Nothing is free. You are wrong. There is no free lunch on that plane. I know the member does not like the fact that the private sector did not want to respond in that community.

**Mr Turnbull:** They were responding, Minister.

**Hon Miss Martel:** No, I tell you, they were not.

**Mr Turnbull:** They had ordered a 19-seat, pressurized plane.

**Hon Miss Martel:** They knew very well, because they had been told by us in July—July, I point out to you—that we had every intention of proceeding with putting a Dash-8 on. We did not make our announcement until November. Therefore, if they made a decision to go ahead and buy another plane to put in there, knowing full well that we intended to proceed, I cannot speak to that business sense or that business logic. But Mr Friesen met with Mr Dymert in North Bay at the Ontario Northland Transportation Commission building in July at my request and told him very clearly that this ministry had every intention of responding to the need in Kenora, responding to the concerns and putting a Dash-8 in there. If they went ahead and made a decision to purchase a plane after that, I do not think that is my fault.

**Mr Turnbull:** Minister, is it the attitude of your government that you are prepared to put private business out of



the province at the same time you are trying to encourage it, and yet, at the same time, you are going to bail out losing operations because there is a big union involved?

**Hon Miss Martel:** What losing operations are you referring to?

**Mr Turnbull:** Algoma.

**Hon Miss Martel:** My friend, you and I have different ideas about how to help working people, and I do not think we are ever going to agree in this place.

**Mr Turnbull:** We certainly do.

**Hon Miss Martel:** We certainly do, and I would stand by my opinion and my feelings much more than yours, my goodness.

**Mr Turnbull:** Minister, what are you doing about—

**Hon Miss Martel:** I am sure you would walk away from Algoma and see 8,000 people go right down the tubes. If that is the Tory philosophy, my God, I am pretty worried.

**Mr Turnbull:** No. Minister, the most efficient steel-maker in North America bought it and made an offer to the employees a year and a half before that.

**The Chair:** Let's try and reduce the—

**Mr Turnbull:** This is still my time, Mr Chair. They made an offer to the employees a year and a half before which would have involved some staff reductions and holding the line on pay. They went on strike, and now the increase in pay they got is the increase which killed the company. Now that notional increase is their equity in that the taxpayers are going to buy them shares in the company. If that is your idea of encouraging private enterprise, we are in an even greater mess than I thought we were.

**Hon Miss Martel:** Mr Turnbull, I think you had better take another look at what is going on, because to suggest that the fact that the employees got a wage increase has now driven Dofasco to release itself of any obligation to Algoma Steel and has now put Algoma Steel in the position that it is—I suggest that is a very unfair link to make, because it is absolutely untrue. The problems that are going on at Algoma Steel involve a problem in the structural steel industry right across North America.

**Mr Turnbull:** Yes, and Dofasco is the most efficient operator.

**Hon Miss Martel:** I think it is very unfair of you to blame the workers at Algoma Steel, who got a wage increase, for the current predicament that the company may or may not survive. I think that is very unfair.

**Mr Turnbull:** I think it is most unfair of you to put people out of work in an airline which is making profits and where you are going to pour taxpayers' dollars.

**Hon Miss Martel:** I do not think you listened, Mr Turnbull, to what we have said or what Mr Dymont said.

Interjections.

**The Chair:** I am very pleased to inform all the members of the committee that we are near completion of this round of discussions. If Mr Turnbull would like to exercise a moment to summarize, I would be willing to give him that.

1740

**Mr Turnbull:** Mr Chair, as you know, I sat in this afternoon because of my concerns for this transport-related issue. Unfortunately, our member Mr Eves, the member for the north, is not able to attend. I will only say that it is the interest of the Conservative Party to ensure that there is a diversification of northern industry, and the only way we are ever going to be successful is by nurturing private business which will create long-term jobs where people will be able to care for themselves. At the moment, this government is doing everything to drive private industry out of this province, and I regret to say that I am very dissatisfied with the direction of the government.

**Mr Wood:** Talk to Brian Mulroney.

**Mr Turnbull:** Why do you not talk to him?

**Mr Wood:** We do, and he does not listen.

**The Chair:** I am pleased that you two are finished. I would like to make a statement if I may, and I would like the attention of the committee members. We have a bit of committee business, and it may come as a shock to you, but this is our last meeting for the next four or five months. With that information, we have some committee business that has to be dealt with.

Therefore, with the committee's permission, I would like to bring to conclusion this round of estimates and ask the minister for her summary comments. Then we will proceed with the votes. We will not retain the ministry staff any longer than necessary. Then we may proceed to do some brief committee business. If there is no objection, I would like to proceed on that basis.

**Mr Martin:** Might I just have a minute to, on behalf of our caucus, do a little summary?

**The Chair:** Yes, you may. But that generally falls on the shoulders of the minister. If you wish to take some of the minister's time, that is fine.

**Mr Martin:** I would just like to say to the Minister of Northern Development and Mines today, on behalf of the 10 members of our caucus who represent the north, that we think she is doing an admirable job of stimulating, responding to, listening to, participating with, those whom we represent as we struggle with this terrible recession that has taken hold of this province, and most particularly, the north of this province. It is often not understood or I think respected by southern members that for every job in northern Ontario, eight more jobs are created in southern Ontario because of our resource extraction industries up there.

For us, items like transportation are of the essence as we make the sacrifices we do, with the long winters and the isolation, to live up there in order to stimulate the economy so that those who work and live in southern Ontario might have the quality of life they enjoy. So when we ask sometimes for a little extra so that we might enjoy a certain quality of life even somewhat comparable to what happens in southern Ontario, I hope they would understand.

I know you are doing all you can to diversify the economy and we appreciate that. As the member for Algoma-Manitoulin said, you have handled yourself excellently and your staff have come forth with the information that we

required. Because of that, all of us who represent the north, who work and live up there, will be able to be more helpful to our constituents as we move through these difficult times.

**Hon Miss Martel:** It is very much in the interests of this party to diversify the economy as well. That is why we have spent \$62 million out of the heritage fund in the last year since I have been minister to try and promote small business and investment in northern Ontario. In terms of the Dash-8 service, we will create 25 new jobs in Sault Ste Marie. We made it very clear at the time of the announcement that we would pick up any of the people who may be displaced with our action. We are working with Bearskin to accommodate that now and to determine what those numbers will be so there will be no one who will be displaced by our activity.

I also think we have a right and a responsibility as a government, through the Ontario Northland Transportation Commission, to ensure that we provide efficient and effective service in those communities. That is what we have done in Kenora and I do not apologize for that for a moment. In terms of driving business out of Ontario, I want to say very seriously to my Conservative colleague, from where I sit and the communities I go into, what is killing them this year has nothing to do with the NDP government. It has everything to do with the 15% softwood lumber tax, the high value of the Canadian dollar, which means most of our industries which export cannot export anywhere, and until very recently, the high interest rate. If there is anything that has killed the north, it is that, and if you want to come and travel with me and talk to the people who I represent in the north, that is what their problem has been this last year.

I just want to say on behalf of the ministry, we have done a number of things which I am very proud of: the \$210-million anti-recession package that came to northern Ontario; the \$15-million diversification fund in Elliot Lake; the \$15-million sawmill adjustment fund that we used to save some of the sawmills that were going under; \$62 million through Northern Ontario Heritage Fund Corp; the successes we had in Elliot Lake, in Kapuskasing; some of the new programs we announced like the marketplace program, like Nortop, like SCAN North, like the small community improvement program to put money into communities under 2,000 population. We have made a number of changes; some new programs that I think have worked very well in what has been a difficult year in northern Ontario.

I just want to put on the record here that my staff, both ministerial and political, has made tremendous efforts in the last year to respond to what have been some very difficult times. I hope they will continue with me to do that in the next year, but I certainly think in this last year we have made a difference. We intend to continue to make a difference in the north in the next.

**Mr Wood:** If you keep that up, you will get elected for the next 15 years.

**The Chair:** She might even be able to keep her portfolio.

**Hon Miss Martel:** I hope so.

**The Chair:** I want to thank staff for their attention to the questions this committee has asked of them. There are several outstanding, as the committee will be aware. Although we will have completed our business, the expectation is that those responses will be forthcoming.

Recognizing that we have completed this round, I shall now call for the vote.

Votes 3001 and 3002 agreed to.

**The Chair:** Shall the estimates for the Ministry of Northern Development and Mines for the year 1991-92 be reported to the House without amendment? All those in favour? Those opposed, if any? It is declared carried.

I would like the committee to stay. I want to thank the minister and her staff. We will not hold you any longer. I ask the ministry staff to please vacate quietly. I do not want to hold you any longer. Thank you.

If the committee members could take their seats, I only have a few items to share with you. As I indicated earlier, today is the last day the committee will be sitting because we must report to the House next week. As you know, the committee had expressed concern that we were unable to complete our estimates process and we have had two outstanding requests for extensions of time.

The House leaders have not fully completed their deliberations with respect to extending our time. However, we are guided by the standing rules as they exist. Therefore, I am impelled to report to the House those estimates which we have completed and voted. The balance will then have to be deemed approved.

What I am seeking from the committee is, first, a resolution that we report the estimates to the House. Further, I am requesting that the Chair report to the House the concern expressed by the standing committee on estimates that sufficient time was not agreed to in order to complete the estimates for 1991-92 in accordance with our standing orders.

Now we are open for any discussion.

**Mr Johnson:** Could you repeat that, please?

**The Chair:** The motion would be that we would report all the estimates to the House and, further, that the Chair report to the House the concern expressed by the standing committee on estimates that sufficient time was not agreed to in order to complete the estimates for 1991-92 in accordance with our standing orders.

1750

**Mr Johnson:** I do not think it should imply that any one party was not in favour of extending the time. If they could not come to agreement then that is the fact: They could not come to agreement.

**The Chair:** It is for that specific reason that if it comes as an all-party concern it is an all-party concern that there is insufficient time, not to express it in the form that one party was unable to allocate sufficient time. My concern is the auditor will be tabling his report on Tuesday. There is no doubt in my mind we are going to be mentioned again. We have completed less than 2% of the total moneys spent in this province by the government. That is all we have reviewed.



**Mr Johnson:** I understand that over a period of time ministries get investigated. Ministries, depending on their size and value of expenditures of the government, vary incredibly, from the Ministry of Revenue, which has a very small amount of dollars spent, to the Ministry of Health, which has the maximum, I believe. Over a longer period of time I think it becomes clear that all ministries have opportunities to be reviewed by the estimates committee. What I would like to know is how many ministries have we actually reviewed?

**The Chair:** Six out of the 12 that we were required to review. We only got half of them done. But their value is about 2% of the total expenditure. We did not get into a big-money-spending ministry.

**Mr Johnson:** Although you are correct in saying we have examined only 2% of government expenditures, it is also correct that we have reviewed 50% of the ministries?

**The Chair:** No. We have done 50% of the standing order mandate, which is up to 12 ministries. We have only done six of 28 ministries.

**Mr Johnson:** I stand corrected. That is what I meant to say: We have done 50% of what we were expected to do.

**The Chair:** Maybe I can share with you this further point. The committee expressed the unanimous concern that we be provided with sufficient time to complete the process. We have not had any official response to that request, so it has to be withdrawn. It is still sitting out there as a request of the committee whose concern is that we were not given sufficient time. We have given the House leaders three or four options to consider. Once we report, it is a dead issue, so the House leaders are off the hook. If we express we still have a concern the House leaders still have it on the table to deal with.

**Mr Martin:** What has been the tradition in past years re this process? Did they get through all the ministries? Did they get through a percentage of the ministries? Has this been an issue before?

**The Chair:** First of all, our standing orders were revised three and half years ago so we do not have a long history of our new procedures. We had a change in government a year and some time ago. As a result, we did not do any estimates. The new government emerged on September 6, was sworn in some time in October, and then we had to report no later than November 20. The NDP government House leader agreed through the House leaders to extend our time so that we could at least do some. Am I making myself clear?

**Mr Martin:** Yes.

**The Chair:** A few of them were done but we had to get the permission of the House to sit beyond November 20.

**Mr Martin:** What is the purpose of estimates? Is it to go through the whole government's spending or is it just to do pieces?

**The Chair:** I have a report which was sent to each member. Our standing orders require a rotational choice of up to 12 ministries that can be designated. Sufficient time was not given to us in order to do that. I do not wish to rehash the politics of this because it is not the issue of

concern. For whatever reason the budget was late, and for whatever reason the estimates books were very late. We cannot begin our work unless we have our estimates books.

We did not create the problem but we are charged with the responsibility as a committee, with all partisanship aside. Our standing orders require us to do these reviews. That is why we have been careful not to talk in terms other than what is the committee's mandate. We have communicated by correspondence, with direction from this committee, what we do. I still have an outstanding letter and I still have not received a flat no from the House leaders' meetings that we might not get some extension of time. I am required by our standing orders to report on Monday that all the estimates are in and then we begin the debate in the House. Six hours will be set aside for concurrences.

**Mr Turnbull:** Having sat on the board of a public company and sat during that time on the audit committee, I can comment that I certainly would not have affixed my name to any audits of a public company unless I had had sufficient time to complete the process. I think any member of any party should be cautioned that there is a responsibility you are charged with by the public to thoroughly examine a sufficient portion of the estimates. It appears you have not had that time. I do not sit on this committee so I just offer that as advice for you to consider.

**Mr Brown:** We would concur with that resolution you have put forward, Mr Chair. The reason is, I think, as you pointed out, that this is a relatively new process, some three years old, I believe. It seems to me the estimates committee is probably the most effective means of private members bringing their concerns in front of ministries and having an ability to actually understand what is in the estimates books. I think it is particularly important for this committee to continue and to do its best to oversee the workings of government. I do not see any particular problem with this resolution. I think it is a good idea.

**Mr Hayes:** I am not a regular member of the committee so I have to get some clarification.

**The Chair:** But you are our senior member, so we are all ears.

**Mr Hayes:** Senior? Thank you. Mr Chair, you mentioned that the budget was behind getting here and then the estimates. Did this committee not meet at all? Were you allotted so many hours to meet and are those hours used up, or did you just have a deadline of this particular date?

**The Chair:** Let me explain our dilemma. Our dilemma is that our standing orders require us to meet when the House is sitting. Our clerk and I identified the concern we could see that we could not complete our work given the requirement for us to sit only while the House was sitting. We only have two afternoons a week on which we can meet. So we prepared a report and tabled it to the committee for discussion. The subcommittee met specifically early in the summer or late in June, I believe, because we could foresee this problem.

The House leaders discussed four options, including to request time during the summer, to have evening sittings or to pick up another day. We scoped out several options. But we were always bound by the limited time of only

having two and a half hours on a Tuesday and a Wednesday afternoon immediately following routine proceedings. We responsibly approached the House leaders four months ago with our dilemma, and we still have not received a response. That was the nature of my concern as your Chair and why I am hopeful that we can at least report to the House, with the fact that this committee is on record as having requested the additional time.

1800

**Mr Hayes:** Has the subcommittee recently gone to the House leaders?

**The Chair:** No.

**Clerk of the Committee:** Yes, we wrote them a letter.

**The Chair:** We wrote letters to the House leaders. The House leader wrote us back saying, "At this time there is no resolution to your request." I know it was on the House leaders' agenda this afternoon and will be discussed again—no, tomorrow is the House leaders' meeting, Thursdays. It is being discussed again tomorrow by the House leaders.

But in the absence of a resolution, I simply stand up and report the estimates. I am free, as the Chairman, to rise on a question in the House to the Treasurer and ask him all sorts of pointed questions about why his budget was late. I would prefer not to do that. I would prefer, simply in the presence of the report, to express the concern that the committee be given sufficient time to conduct its review of government expenditures, which is our responsibility.

**Mr Hayes:** I do not think you answered the first part of my question. You were actually allotted so many hours, right?

**The Chair:** The standing orders tell us that we are up to seven and a half hours for each of 12 ministries.

**Mr Hayes:** But the budget came late.

**The Chair:** The budget was a month late. We cannot start until we have got all that—

**Mr Hayes:** I do not know whether it did or not, but—

**The Chair:** It did.

**Mr Hayes:** Okay. If those things happened, did they actually set this committee back where the committee did not meet?

**The Chair:** We could not meet.

**Mr Hayes:** You did not use those hours you were technically allotted then, is that right?

**@N = The Chair:** We could have used those hours if they had allowed us to meet during the recess. They refused to let us meet. Therefore, we were locked into only two afternoons from when we reconvened in late September to now. Then last week we were all on holidays, we had a week off, so that put us back. We could have completed Northern Development and Mines last week and had two days of the next ministry, which is Natural Resources. After Natural Resources comes Health.

I am trying to suggest to you that we have a finite amount of time to complete our work, but it is predicated on the fact that the budget is prepared and distributed.

There is a report that was circulated to all of you, An Overview of Estimates: Processes in Other Canadian Jurisdictions. If you would give that a quick read, you will notice that in several provinces the estimates books have to be tabled the day of the budget. Our estimates books came two months-plus after the budget was announced. You have seen the budget book. We cannot do estimates with a budget book. It does not contain sufficient information for this committee to do its task.

I hope that is a little clearer.

**Mr Lessard:** We have considered the estimates of six ministries, right?

**The Chair:** That is correct.

**Mr Lessard:** And that is what the standing orders require, as far as I can read, that we have to consider the estimates of at least six ministries and not more than 12.

**Clerk of the Committee:** No, you are reading it wrong.

**The Chair:** The clerk wishes to comment when you are finished, Mr Lessard.

**Mr Lessard:** Okay. I am reading from the rules. It says we have to consider not fewer than six ministries and not more than 12 ministries and offices and, further, the point you have made, that we have to report to the House before the third Thursday in November, and that once that report is made, then there is a maximum of six hours that can be allotted for the concurrence, and any of the concerns you have or any member of the committee has can be brought up at that time. That is my understanding of it.

**The Chair:** The clerk wishes to respond.

**Clerk of the Committee:** You were quoting the standing order regarding the choosing of the estimates. Not less than six, not more than 12 does not mean we can only review six. That is the choosing of them in two rounds. Once they are chosen, given the time, you have to review all of them.

**Mr Johnson:** If that is correct, then we have no choice. If we have to review them all, then we have to go on, if I understand you correctly. Either we have met the rules or we have not.

**Clerk of the Committee:** You have not met the requirement of 60(a), because at the specific date, which is the third Thursday in November, it does not matter if you have done one or 10—they must be reported back, because there is a deadline on that. What Mr Lessard quoted is choosing the estimates in two different rounds. You have a choice of either choosing one for 15 hours, which will give you six, or two for seven and a half hours, which will give you 12. That is what that is talking about. It has nothing to do with 60(a).

**The Chair:** The other point is that the concurrences are for the discussion of those ministries that were not completed, should members wish to comment. What I am really bringing to you are the concerns of this committee about the process. The auditor has named us in at least two reports as not doing our job. I am simply trying to protect this committee from circumstances that were not this committee's direct responsibility. That is simply what I am trying to suggest.



I have no intention of standing up during six hours of concurrences to do committee procedural problems. That is not the appropriate place for it. I am trying to respect the responsibilities of the Chair in a neutral position before this committee.

I would like to bring this to a conclusion. Let me separate the motions in two. We need a motion to report all estimates to the House as deemed, in accordance with standing order 60(a). All those in favour? Opposed, if any? Carried.

I have a further motion, that the Chair report to the House the concerns expressed to the standing committee on estimates that sufficient time was not agreed to in order to complete the estimates for 1991-92 in accordance with our standing orders. Again I will call the question.

**Mr Brown:** Can we have a roll call?

**The Chair:** Would you like that recorded?

**Mr Brown:** Yes.

The committee divided on the Chair's motion, which was negatived on the following vote:

**Ayes-2**

Brown, Turnbull.

**Nays-5**

Hayes, Johnson, Lessard, Martin, Wilson, G.

**The Chair:** See you in June.

The committee adjourned at 1809.

## CONTENTS

Wednesday 20 November 1991

Ministry of Northern Development and Mines . . . . .E-665

### STANDING COMMITTEE ON ESTIMATES

**Chair:** Jackson, Cameron (Burlington South PC)

**Acting Chair:** Johnson, Paul R. (Prince Edward-Lennox-South Hastings NDP)

**Vice-Chair:** Marland, Margaret (Mississauga South PC)

Carr, Gary (Oakville South PC)

Daigeler, Hans (Nepean L)

Hansen, Ron (Lincoln NDP)

Lessard, Wayne (Windsor-Walkerville NDP)

McGuinty, Dalton (Ottawa South L)

McLeod, Lyn (Fort William L)

O'Connor, Larry (Durham-York NDP)

Perruzza, Anthony (Downsview NDP)

Wilson, Gary (Kingston and The Islands NDP)

#### **Substitutions:**

Brown, Michael A. (Algoma-Manitoulin L) for Mrs McLeod

Hansen, Ron (Lincoln NDP) for Mr Wood

Hayes, Pat (Essex-Kent NDP) for Mr O'Connor

Martin, Tony (Sault Ste Marie NDP) for Mr Perruzza

Turnbull, David (York Mills PC) for Mr Carr

**Also taking part:** Ramsay, David (Timiskaming L)

**Clerk:** Carrozza, Franco

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